

7697. By Mr. GOLDSBOROUGH: Resolution requesting that interest rates on adjusted-service-certificate loan be eliminated so that adjusted-service certificates may retain their value instead of being wiped out by interest; to the Committee on Ways and Means.

7698. By Mr. JAMES: Resolution from Houghton Association of Commerce, through C. S. Gale, president, of Houghton, Mich., opposing reduction of number of Army officers, and in favor of retaining the Reserve Officers' Training Corps and citizens' military training camps; to the Committee on Appropriations.

7699. By Mr. KELLY of Pennsylvania: Petition of residents of Philipsburg, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7700. Also, petition of residents of Reynoldsville, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7701. Also, petition of residents of Osceola Mills, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7702. Also, petition of residents of Du Bois, Pa., urging the enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7703. By Mr. NIEDRINGHAUS: Petition of 11 citizens of St. Louis, Mo., advocating the payment of adjusted-service certificates; to the Committee on Ways and Means.

7704. By Mr. PARKER of Georgia: Petition of J. W. Urquhart and 10 other citizens of Savannah, Ga., urging the passage of the railroad pension bill, H. R. 9891, and voicing opposition to House bill 10023 and Senate bill 3892; to the Committee on Interstate and Foreign Commerce.

7705. By Mr. RUDD: Petition of the International Printing Ink Corporation, New York City, favoring the balancing of the Budget; to the Committee on Appropriations.

7706. Also, petition of Military Training Camps Association of the United States, opposing the suspension or abolishing of training camps; to the Committee on Appropriations.

7707. Also, petition of Kem Manufacturing Co., New York City, referring to excise tax on automobile parts and accessories; to the Committee on Ways and Means.

7708. By Mr. STEWART: Petition of Lions Club of Cranford, N. J., favoring economies in governmental departments and divisions and legislation assuring a balanced Budget; to the Committee on Ways and Means.

7709. By Mr. YATES: Petition of A. Dinksen & Sons, Springfield, Ill., urging that there be placed in the revenue bill the 1928 act's provisions concerning net loss deduction, and protesting against changing radically net loss deduction provisions; to the Committee on Ways and Means.

SENATE

THURSDAY, MAY 12, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Kean	Robinson, Ind.
Bailey	Copeland	Kendrick	Sheppard
Bankhead	Costigan	Keyes	Smith
Barbour	Couzens	King	Smoot
Bingham	Davis	La Follette	Steiwer
Black	Dickinson	Logan	Stephens
Blaine	Fess	Long	Thomas, Idaho
Bratton	Frazier	McGill	Thomas, Okla.
Bulkley	George	McKellar	Townsend
Bulow	Glass	McNary	Trammell
Byrnes	Glenn	Moses	Vandenberg
Capper	Hale	Norris	Walsh, Mass.
Caraway	Hatfield	Nye	Walsh, Mont.
Carey	Hawes	Oddie	Watson
Cohen	Johnson	Pittman	Wheeler
Connally	Jones	Reed	

Mr. FESS. I desire to announce that the following Senators are detained in a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Connecticut [Mr. WALCOTT], the Senator from Florida [Mr. FLETCHER], the Senator from New York [Mr. WAGNER], the Senator from Tennessee [Mr. HULL], and the Senator from Oklahoma [Mr. GORE].

I also wish to announce that the Senator from Delaware [Mr. HASTINGS] and the Senator from Vermont [Mr. AUSTIN] are detained in a committee meeting.

Mr. SHEPPARD. I wish to announce that the following Senators are detained on official business: The Senator from Arkansas [Mr. ROBINSON], the Senator from Washington [Mr. DILL], the Senator from New York [Mr. WAGNER], and the Senator from Tennessee [Mr. HULL].

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, informed the Senate that the President of the United States having returned to the House, with his objections thereto, the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, the House proceeded to consider the bill and resolved that it do not pass, two-thirds not voting in favor thereof.

The message announced that the House had passed the following bill and joint resolution of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the island of "Porto Rico" to "Puerto Rico."

The message also announced that the House had passed a joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, in which it requested the concurrence of the Senate.

INSURANCE CORPORATIONS IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 27) providing for the correction of an error in the enrollment of Senate bill 3584, relating to insurance corporations in the District of Columbia, which were, on page 1, line 11, to strike out "amendment" and insert "amendments"; on page 1, line 12, to strike out "a correction" and insert "corrections"; and on page 1, line 15, after "corporation", to insert "; and on page 1, line 12, of the engrossed House amendment, after 'agency,' insert: : And provided further, That any insurance corporation created by special act of Congress is hereby authorized upon resolution of its board of directors or trustees to reincorporate under the laws of any State of the United States, a certified copy of such resolution of such board of directors or trustees having first been filed in the office of the superintendent of insurance of the District of Columbia and recorded in the office of the recorder of deeds of the District of Columbia. Upon compliance with the above conditions, the assets of the said corporation shall thereby become vested in the new corporation. Said new corporation shall faithfully carry out any and every right, obligation, and liability of said original corporation."

Mr. CAPPER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

NATURALIZATION PRIVILEGES OF ALIEN WORLD WAR VETERANS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. KING. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HATFIELD, Mr. JOHNSON, and Mr. KING conferees on the part of the Senate.

COMPILATION OF LAWS RELATING TO VETERANS

The VICE PRESIDENT. The Chair lays before the Senate a letter, with an accompanying compilation, from the Administrator of Veterans' Affairs, which will be read. The Chair calls the matter to the attention of the Senator from Nebraska [Mr. NORRIS].

The Chief Clerk read the letter, as follows:

VETERANS' ADMINISTRATION,
Washington, May 10, 1932.

PRESIDENT OF THE SENATE OF THE UNITED STATES.

SIR: There is transmitted herewith in compliance with the provisions of Senate Resolution No. 412, dated January 21, 1931, a compilation of all Federal laws relating to the veterans of our various wars, with appropriate explanatory notes and annotations, suitable headings, reference tables, and indices.

Very truly yours,

FRANK T. HINES,
Administrator.

Mr. NORRIS. Mr. President, I move that the manuscript be referred to the Committee on Printing, with instructions to report to the Senate the cost of printing the document in sufficient quantity to supply each Legion post, each Grand Army post, and the posts of the Spanish-American War veterans, together with such other copies as may be necessary for the use of the Senate and House of Representatives.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from the Topeka (Kans.) Chamber of Commerce and the petition of K. L. Browne, of Kansas City, Kans., praying for reductions in governmental expenditures and the balancing of the Budget, which were referred to the Committee on Appropriations.

He also laid before the Senate a letter from Hon. V. S. K. Houston, Delegate in Congress from Hawaii, together with a copy of a telegram from the president of the Senate and speaker of the House of the Legislature of Hawaii, relative to the postponement of consideration of Senate bills 4309 to 4315, inclusive, providing for changes in the government of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a telegram from Gertrud McCourt Shirk, of McPherson, Kans., favoring a 1 cent per gallon tax on imported crude and fuel oils and a tax of 3 cents per gallon on imported gasoline, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from Hon. Laning Harvey, Wilkes-Barre, Pa., remonstrating against the imposition of a tax on admissions to baseball games, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from B. I. Litowich, of Salina, Kans., remonstrating against the imposition of a tariff duty on importations of wood pulp, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the City and County of San Francisco, Calif., favoring the passage of legislation providing for the restriction of immigration from the Philippine Islands, which was ordered to lie on the table.

Mr. CAPPER presented a resolution adopted by the Chamber of Commerce of Coffeyville, Kans., favoring the repeal of section 15a of the transportation act of 1920, known as the recapture clause, which was referred to the Committee on Interstate Commerce.

Mr. KEAN presented a resolution adopted by the Kiwanis Club of Elizabeth, N. J., favoring the prompt ratification of the World Court protocols without reservation, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Kiwanis Club of Blackwood, N. J., favoring retrenchment in govern-

mental expenditures rather than increased taxation in the balancing of the Budget, which was referred to the Committee on Appropriations.

Mr. SHIPSTEAD presented a petition of sundry citizens of Hawley and vicinity, in the State of Minnesota, praying for the passage of Senate bill 1197, known as the Frazier farm relief bill, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by members of Cerro Gordo-Lac qui Parle Local, No. 132, Farmer's Educational and Cooperative Union of America, of Lac qui Parle County, Minn., favoring the passage of Senate bill 1197, known as the Frazier farm relief bill; Senate bill 2487, providing for the remonetization of silver; and Senate bill 3133, known as the marketing bill; and protesting against inclusion of a general sales tax in the pending tax bill, which was referred to the Committee on Agriculture and Forestry.

Mr. WALCOTT presented the petition of Wadhams Post, No. 49, Grand Army of the Republic, of Waterbury, Conn., praying for the passage of House bills 7230 and 8082, granting uniform pensions to widows and dependents of certain war veterans, which was referred to the Committee on Pensions.

He also presented memorials of the Borough of Wallingford and the Chambers of Commerce of Wallingford and Torrington, in the State of Connecticut, remonstrating against the passage of legislation to prohibit the printing of return cards on stamped envelopes, which were referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted at New Haven, Conn., by the executive committee of the Southern Connecticut Branch, National Metal Trades Association, favoring the balancing of the Budget through reduced expenditures and supplemental taxation, and remonstrating against the passage of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented memorials of the Exchange Club, of New Britain; the Edgewood Civic Association, of New Haven; and the Chamber of Commerce, of New Haven, all in the State of Connecticut, remonstrating against the passage of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented memorials of postal employees of Derby and several organizations in the State of Connecticut, remonstrating against reductions in the compensation of postal employees, which were referred to the Committee on Appropriations.

He also presented the petition of members of Faith Trumbull Chapter, Daughters of the American Revolution (Inc.), of Norwich, Conn., praying for the passage of legislation to make it a crime to advocate or promote the overthrow of government by force or violence, to provide for the exclusion and expulsion of alien communists, to prohibit importations from Soviet Russia, and to build up the Navy to the strength permitted by the Washington and London treaties, which was referred to the Committee on the Judiciary.

He also presented the petition of Tunxis Grange, No. 13, Patrons of Husbandry, of Bloomfield, Conn., praying for the granting of independence to the Philippine Islands, which was ordered to lie on the table.

He also presented the petition of the Fifth District, Department of Connecticut, American Legion, of Norwich, Conn., praying for the passage of legislation to legalize the manufacture and sale of beer and its taxation for revenue purposes, which was ordered to lie on the table.

He also presented the memorials of Coventry Grange, No. 75, of Rockville; Killingly Grange, No. 112, of Danielson; Wapping Grange, No. 30, of Wapping; Easton Grange, No. 149, of Fairfield; Indian River Grange, No. 73, of Milford; Mad River Grange, No. 71, of Waterbury; Simsbury Grange, No. 197, of Simsbury; Mattabessett Grange, No. 42, of Middletown; Quinnetis Grange, No. 65, of Thompson; Rock Rimmon Grange, No. 142, of Beacon Falls; Mountain County Pomona Grange, No. 4, of Torrington; and Vernon Grange,

No. 52, of Vernon Center, all of the Patrons of Husbandry, in the State of Connecticut, remonstrating against the imposition of taxes on the automobile industry, which were ordered to lie on the table.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 500 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of the cash-bonus proposal, the stopping of "all raids on the Treasury," retrenchment in governmental expenditures, but the preservation of the national defense, the enactment of fair sales and stamp taxes, amendment of the Volstead Act, and the taxation of light wine and beer, which were referred to the Committee on Appropriations.

He also presented petitions of 700 citizens of the State of Massachusetts, praying for the prompt adoption of an orderly tax program, retrenchment in governmental expenditures, and the defeat of the so-called cash bonus bill, which were referred to the Committee on Appropriations.

BALANCING THE BUDGET AND TAXATION

Mr. WALSH of Massachusetts. Mr. President, I present a letter embodying a resolution adopted by the board of directors of the Motor Truck Club of Massachusetts (Inc.), Boston, Mass., relative to the balancing of the Budget and taxation, which I ask may be printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the letter was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

MOTOR TRUCK CLUB OF MASSACHUSETTS (INC.),
Boston, April 28, 1932.

HON. DAVID I. WALSH,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR: At a duly called meeting of the board of directors of the Motor Truck Club of Massachusetts (Inc.) held this day it was—

"Resolved, That the Motor Truck Club of Massachusetts desires to be placed on record with the Federal Congress—

"1. We favor the balancing of the Federal Budget—

"(a) By the reduction of public expenditures.

"(b) By the imposition of a manufacturers' sales tax, without exemptions. This will distribute the tax equally to every citizen in the country according to his purchasing capacity.

"2. We are opposed to the immediate payment of \$2,000,000,000 to veterans if it causes any form of currency inflation.

"3. We are opposed to special selection for taxation of motor vehicles, tires, accessories, coal, coke, petroleum products, or any other form of taxation which may affect any specific industry."

Respectfully submitted.

DAY BAKER, Executive Secretary.

Mr. WALSH of Massachusetts. Mr. President, also I have received a petition signed by over 1,000 citizens of the State of Massachusetts relative to governmental expenditures and taxation, which I ask may lie on the table and be printed in the RECORD without the signatures.

There being no objection, the petition was ordered to lie on the table and to be printed in the RECORD without the signatures, as follows:

To all Members of Congress from Massachusetts:

The undersigned individual voters demand radically reduced Government expenditures, particularly in payments and pensions to veterans not disabled in actual warfare, and prompt action to balance the Budget through taxation on such a broad, sound, and nonpolitical basis as is offered by the sales tax. Our industries and institutions disintegrate while Congress fiddles. An increase in employment depends on constructive action to create some courage, confidence, and hope in the future. What can we do to help?

ADMISSIONS TAX

Mr. SHORTRIDGE. Mr. President, I present telegrams from various organizations, business firms, moving-picture actors and actresses, officials of the moving-picture industry, theater owners and managers, and sundry citizens in the State of California, opposing a 10 per cent tax on all theater admission tickets over 10 cents. I ask that the telegrams may lie on the table and that the names of the firms and individuals sending the telegrams be noted in the RECORD.

There being no objection, the telegrams were ordered to lie on the table and the names of the senders (all in the State of California) were ordered to be printed in the RECORD, as follows:

Riverside Chamber of Commerce, Tom Gore, president, of Riverside.
Fullerton Chamber of Commerce, Thomas Taylor, president, of Fullerton.
Anaheim Chamber of Commerce, Fred Koeselmayer and Charles Pearson, President, of Anaheim.
Corona Chamber of Commerce, W. C. Sutter, secretary, of Corona.
Corona Business Men's Association, A. Blakeley, of Corona.
Mission Optimist Club, Dr. A. E. Ambaugh, president, of San Francisco.
Mission Merchants Association, Arthur Holl, president, of San Francisco.
Westlake District Chamber of Commerce, O. N. Walla, secretary, of Los Angeles.
Rotary Club, of Beverley Hills, Ira N. Frisbee, secretary.
Independent Motion Picture Theater Owners' Association of Northern California, by Morgan A. Walsh, president, of San Francisco.
Haight Ashbury Improvement Association, Hugo Schunert, secretary, of San Francisco.
Motor Dealers Association, Bert Roberts, secretary, of Los Angeles.
Breakfast Club, Harold B. Ling, manager, of Los Angeles.
Hollywood Boulevard Association, Col. Harry Baine, president, of Los Angeles.
Merchants Association of Bakersfield, John F. O'Neill, manager.
Independent Theater Owners of Southern California, of Los Angeles.
Los Angeles Moving Picture Projectionists, Local 150, M. J. Sands, secretary-treasurer, of Los Angeles.
First National Bank and Citizens Bank, of Corona.
Ben Platt Music Co., of Los Angeles.
John Gage, president, Plg 'n' Whistle, of Los Angeles.
Harold Lloyd, president Harold Lloyd Corporation, of Los Angeles.
Marie Dressler, of Los Angeles.
John T. Rennie, of San Fernando.
Robert Montgomery, of Los Angeles.
Wallace Beery, of Los Angeles.
John Gilbert, of Los Angeles.
Buster Keaton, of Los Angeles.
Lionel Barrymore, of Los Angeles.
Joan Crawford, of Los Angeles.
Ramon Novarro, of Los Angeles.
Norma Shearer, of Los Angeles.
Richard A. Rowland, of Los Angeles.
Tallulah Bankhead, of Hollywood.
Janet Gaynor, of Los Angeles.
Jack Dempsey, of Los Angeles.
Tom Mix, of Hollywood.
June Clyde, of Hollywood.
Slim Summerville, of Hollywood.
Boris Karloff, of Hollywood.
Lew Ayres, of Hollywood.
Sidney Fox, of Hollywood.
John Boles, of Hollywood.
Tom Brown, of Hollywood.
Laurel and Hardy, of Los Angeles.
Hal E. Roach Studios, of Los Angeles.
Henry Ginsberg, vice president Hal Roach Studios, of Los Angeles.
Sam Katz, vice president Paramount Publix Corporation, of Hollywood.
E. W. Hammons, president Educational Talking Pictures Co., of Hollywood.
Eddie Belasco, Belasco Theaters, of Los Angeles.
Universal Producers and Directors, of Hollywood.
Carl Laemmle, jr., of Hollywood.
David O. Selznick, vice president RKO Radio & Pathe Pictures, of Los Angeles.
Joseph M. Schenck, of Hollywood.
Madrid Theater, P. J. Warpack, of Los Angeles.
Egyptian Theater, of Maywood.
Savoy Theater, of Los Angeles.
Metro Ebell Theater, of Los Angeles.
Stanley Theater, of Long Beach.
Herman Lewis, theater owner, of Los Angeles.
Thomas Herbert, manager New Palace Theater, of Oakland.
Ward Morris, New Rialto Theater, of San Francisco.
J. H. Kavern, Strand Theater, of San Pedro.
Jack Hare, Fox Belmont Theater, of Los Angeles.
Oxnard Theater, of Oxnard.
California Theater, by C. H. Powers, manager, of Dunsmuir.
James Gleason, manager Fox Hippodrome Theater, of Taft.
Nathan Hoffman, Embassy Theater, of Los Angeles.
O. B. Attkisson, manager Parkside Theater, of San Francisco.
M. Spencer Leve, manager Fox Ritz Theater, of Los Angeles.
Albert Levin, Alexandria Theater, of San Francisco.
Harry Sacks, manager Haight Theater, of San Francisco.
Fox Theater employees, W. L. Doudlah, of San Diego.
L. J. Williams, El Rey Theater, of San Francisco.
H. J. Peskay, La Brea Theater, of Los Angeles.
Ralph W. McGowan, manager Fox Uptown Theater, Los Angeles.
Harry Levin, Harding Theater, of San Francisco.
A. E. Levin, Coliseum Theater, of San Francisco.
M. Kassiss, Metropolitan Theater, of San Francisco.

Fox California Theater, Reno Wilk, manager, of Bakersfield.
 C. R. Mosher, Riviera Theater, of San Francisco.
 Nile Theater, Blaine Clinton, manager, of Bakersfield.
 W. E. Tooley, State Theater, of Red Bluff.
 F. J. Alberti, manager Granada Theater, Excelsior District, San Francisco.

John Carnakis, Virginia Theater, of Bakersfield.
 Rex Theater, Simos & Porous, owners, of Bakersfield.
 Fox Theater, of Bakersfield.
 Rialto Theater, of Bakersfield.
 Westwood Village Theater, of West Los Angeles.
 Fox Scenic Theater, of Whittier.
 Loews State Theater, of Los Angeles.
 Redland Theater, of Redlands.
 Western Theater, of Hollywood.
 Monterey Theater Co., of Monterey.
 Globe Theater, of San Pedro.
 Warner Bros. Hollywood Theater, of Hollywood.
 Beverly Hills Theater, of Hollywood.
 Warner Bros. Downtown Theater, of Hollywood.
 Warner Bros. Forum Theater, of Hollywood.
 New Merced Theater, of Merced.
 Rialto Theater, of San Bernardino.
 Victor Theater, of Victorville.
 California Theater, of Sacramento.
 State Theater, of Oroville.
 Los Angeles Theater, of Los Angeles.
 Strand Theater, of Ocean Beach.
 West Coast Theater, of San Bernardino.
 Hollywood Theaters (Ltd.), of Beverly Hills.
 Brayton Theater, of Long Beach.
 Sunset Theater, of Hollywood.
 Palace Theater, of San Leandro.
 Roy C. Hunts Theaters (Inc.), of Riverside.
 State Theater, of Auburn.
 Uptown Theater, of San Francisco.
 Senator Theater, of Chico.
 Hillstreet Theater, of Los Angeles.
 Orpheum Theater, of Los Angeles.
 Van Nuys Theater Co., of Van Nuys.
 Corona Theater, of Corona.
 Fox Wilshire Theater, of Los Angeles.
 Fair Oaks Theater, of Pasadena.
 New Fox Theater, of Pomona.
 Nuart Theater, of Santa Monica.
 Strand Theater, of Gilroy.
 Castle Theater, of Los Angeles.
 California Theater, of Santa Rosa.
 State Theater, of Martinez.
 Lincoln Theater, of Los Angeles.
 Uptown Theater, of Oakland.
 Rivoli Theater, of Berkeley.
 Redding Theater, of Redding.
 Lodi Theater, of Lodi.
 Hayward Theater, of Hayward.
 Strand Theater, of Los Angeles.
 Westland Theaters (Inc.), of Los Angeles.
 Golden State Theater Circuit, of Oakland.
 Cozy Theaters, of Los Angeles.
 Diamond Theater, of Oakland.
 Burbank Theaters, of Burbank.
 Pacific Coast Theaters, of Los Angeles.
 Arcade Theater, of Los Angeles.
 Hunleys Theater, of Los Angeles.
 Daly City Theater, of San Francisco.
 Tulare Theater, of Tulare.
 Grenada Theater, of Wilmington.
 Cabrillo Theater, of San Pedro.
 Westcoast Theater, of Santa Ana.
 Redondo Theater, of Redondo Beach.
 Irving Theater, of San Francisco.
 Broadway Theater, of Santa Ana.
 West Coast Theater, of Long Beach.
 California Theater, of Petaluma.
 Tracys Laughlin Theater, of Long Beach.
 Imperial Theater, of Long Beach.
 Fullerton Theater, of Fullerton.
 United Artists Theater, of Long Beach.
 New Santa Cruz Theater, of Santa Cruz.
 Paso Robles Theater, of Paso Robles.
 Marquis Theater, of Hollywood.
 Rosemare Theater, of Ocean Park.
 Palmer Theater, of San Francisco.
 Fairfax Theater, of Oakland.
 Dome Theater, of Ocean Park.
 Criterion Theater, of Santa Monica.
 California Theater, of Ocean Park.
 Parkway Theater, of Oakland.
 Verdi Theater, of San Francisco.
 Milano Theater, of San Francisco.
 Marcal Theater, of Hollywood.
 Larchmont Theater, of Hollywood.
 Mecca and Mayfair Theaters, of Los Angeles.
 Whittier Boulevard Theater, of Los Angeles.

New Spreckles Theater, of San Diego.
 Anaheim Theaters, of Los Angeles.
 Dr. R. B. Von Kleinsmid, president University of Southern California, Los Angeles.
 Orra Monnette, vice president Bank of America, Los Angeles.
 Nathan F. Milnor, Milnor Shop, Los Angeles.
 Charles Baad, manager Biltmore Hotel, Los Angeles.
 Joseph Baldi, vice president Yellow Taxicab Co., Los Angeles.
 Col. William Eric Fowler, Los Angeles.
 Charles B. Hamilton, manager Alexandria Hotel, Los Angeles.
 Seymour Swartz, health commissioner, of Los Angeles.
 I. W. Birnbaum, former president police commission, Los Angeles.
 Tom May, May Co., department store, Los Angeles.
 Jake Hartman, clothier, Merced.
 J. E. Killian, president First National Bank, Riverside.
 C. E. Brouse, president Citizens National Trust & Savings Bank, Riverside.
 George E. Cryer, former mayor, Los Angeles.
 W. L. Hale, mayor, Fullerton.
 John Knox, mayor, Santa Ana.
 Harold N. Wright, councilman and commissioner, Hollister.
 Judge A. Allbright, of Los Angeles.
 William I. Traeger, sheriff, Los Angeles.
 Herberg L. Beach, member of city council, Oakland.
 Earl L. Yonker, of Anaheim.
 W. E. Drury, of Bakersfield.
 A. M. Bowles, of San Francisco.
 Ray Robbins, of Los Angeles.
 A. H. Curran, of Bakersfield.
 Thomas W. McManus, of Bakersfield.
 William M. Gunn, of Calipatria.
 Hugh K. McKevitt, of San Francisco.
 H. Lew Zuckerman, realtor, of Los Angeles.
 G. Elmer Moreland, of Los Angeles.
 Dr. Earl G. Brown, of Los Angeles.
 John Mott, attorney, of Los Angeles.
 Joe Toplitsky, realtor, of Los Angeles.
 J. J. Doyle, of Los Angeles.
 Eugene Marcus, attorney, of Los Angeles.
 Harry L. Lewis, of Los Angeles.
 John H. Considine, sr., of Los Angeles.
 J. Harvey McCarthy, of Los Angeles.
 Rev. J. Whitcomb Brougner, jr., of Los Angeles.
 William W. Bearman, attorney, of Los Angeles.
 Judge E. P. Wood, of Los Angeles.
 Doctor Fountain, of Merced.
 Edwin J. Loeb, of Hollywood.

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Indian Affairs, to which was referred the bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to direct the issuance of a patent to the pueblo of Taos for certain lands described herein, and for other purposes, reported it with an amendment and submitted a report (No. 678) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (S. 4512) authorizing a preliminary examination and survey of the McKenzie River, in the State of Oregon, with a view to the controlling of floods, reported it with amendments and submitted a report (No. 679) thereon.

He also, from the same committee, to which was referred the bill (H. R. 10683) to provide for the conveyance by the United States of a certain tract of land to the Borough of Stonington, in the county of New London, in the State of Connecticut, reported it without amendment and submitted a report (No. 680) thereon.

Mr. WALSH of Massachusetts, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 8907) to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office site, reported it without amendment and submitted a report (No. 681) thereon.

Mr. KEYES, from the Committee on Public Buildings and Grounds, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 4542. An act providing for the use by the Veterans' Administration of the old post-office building in Casper, Wyo. (Rept. No. 682); and

H. J. Res. 305. Joint resolution for the improvement of Meridian Hill Park (Rept. No. 683).

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4374) to empower the superintendent of the Hawaii National Park to perform the functions now performed by the United States commissioner for the said national park, and for other purposes, reported it without amendment and submitted a report (No. 684) thereon.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them each with an amendment:

S. Res. 203. Resolution authorizing an additional expenditure to investigate methods for replacement and conservation of wild animal life; and

S. Res. 213. Resolution further increasing the limit of expenditures in the matter of the Heflin-Bankhead senatorial contest from the State of Alabama.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 11th instant that committee presented to the President of the United States the following enrolled bill and joint resolution:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended; and

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board for a term of six years from June 9, 1932 (reappointment), which was placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 4640) to amend section 19 of the World War veterans' act of 1924, as amended; to the Committee on Finance.

By Mr. MCGILL:

A bill (S. 4641) granting a pension to Franklin A. Sprenger; to the Committee on Pensions.

By Mr. BANKHEAD:

A bill (S. 4642) granting six months' pay to Ruth McCarn (with an accompanying paper); to the Committee on Naval Affairs.

By Mr. KEAN:

A bill (S. 4643) for the relief of Philip W. Kerley; to the Committee on Naval Affairs.

By Mr. LONG:

A bill (S. 4644) to extend the time for construction of a free highway bridge across the Sabine River, where Louisiana Highway No. 21 meets Texas Highway No. 45; and

A bill (S. 4645) to extend the times for commencing and completing the construction of a bridge across the Sabine River, where Louisiana Highway No. 6 meets Texas Highway No. 21; to the Committee on Commerce.

By Mr. HATFIELD:

A bill (S. 4646) to provide for the establishment of a system of pensions for railroad and transportation employees,

and for a railroad pension board, and for other purposes; to the Committee on Interstate Commerce.

By Mr. GEORGE:

A bill (S. 4648) for the relief of Dock Inmon; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4649) to authorize the Secretary of War to transfer and convey to the State of New York all right and title now vested in the United States to land and buildings thereon known as Fort Schuyler, N. Y.; to the Committee on Military Affairs.

A bill (S. 4650) for the relief of Robbins-Ripley Co. (Inc.);

A bill (S. 4651) for the relief of the Bowers Southern Dredging Co.; and

A bill (S. 4652) for the relief of the Sound Construction & Engineering Co. (Inc.); to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 4653) for the relief of M. N. Lipinski; to the Committee on Claims.

REGULATION OF STOCK-EXCHANGE TRANSACTIONS

Mr. KING introduced a bill (S. 4647) to prevent the use of the mails and of telegraph and telephone facilities in furtherance of fraudulent and harmful transactions on stock exchanges, which was read twice by its title.

Mr. KING. Mr. President, the purpose of this bill is to prevent the use of the mails and of telegraph and telephone facilities for transmitting information about transactions in securities on stock exchanges, the quotation of prices, and the like, except under certain safeguards for the protection of the public. It is proposed that no such information with respect to securities listed, quoted, or dealt in on any stock exchange be transmitted through the mails or by telegraph or telephone unless the exchange on which the transaction takes place has been incorporated under the laws of the State or Territory in which its business is conducted and unless the charter and by-laws of the exchange, or the laws under which it is incorporated contain certain regulations and prohibitions satisfactory to the Postmaster General with respect to security transactions on the exchange, the character of the securities dealt in, the genuineness of the price quotations of such securities, and with respect to other information concerning such transactions which is to be transmitted either through the mails or by telegraph or telephone beyond the limits of the State or Territory in which the exchange is incorporated.

It is proposed that before the securities of any corporation are listed, quoted, or dealt in on any such exchange the corporation shall file with the secretary of the exchange a statement relating to the property of the corporation, its liabilities and obligations, the volume of its business, and net earnings for a period of at least three years preceding the filing of the statement. A like statement is to be required with respect to every subsidiary of the corporation. Such statement shall also contain information with respect to contracts entered into by the corporation affecting the authorization, issue, sale, or disposition of the securities which are sought to be admitted to the official list of the exchange, and the corporation is also to be required to file with the secretary of the exchange and the Postmaster General detailed statements with respect to agreements entered into between the corporation and its officers and directors and of the salaries, commissions, or other compensation paid to such officers and directors.

It is also provided in the bill that securities once listed on an exchange shall not be removed from the security list of the exchange except after due notice to all security holders.

The manipulation of securities and all fictitious purchases and sales, including "matched orders" and "wash sales," are to be prohibited. Likewise, it is proposed that members of the exchange be forbidden from hypothecating any securities of their customers for any amount in excess of the sum owed to such members, from entering into agreements with customers for such use of their securities, and from lending securities pledged with them.

The regulations are also to contain provisions requiring members of any such exchange to keep accurate accounts of all transactions conducted by them upon the exchange and to keep their books of accounts and records open to inspection by the officers of the exchange and by the Postmaster General.

No member of an exchange is to be permitted to purchase any securities unless he has received from the customer a partial payment of at least 20 per cent of the market price of the securities on the date of purchase. Other prohibitions are imposed upon the sale by an officer or director of a corporation of securities which he does not own.

Appropriate penalties are provided for violation of the provisions of the bill.

It is proposed that the provisions of the bill shall take effect six months after the date of its enactment.

The gambling in securities which has been promoted by stock exchanges and some brokers and investment trusts has been a curse to our country, and is in part responsible for the deplorable conditions now prevailing. If the bill which I have offered is enacted, it will prove an obstacle to future stock gambling and a corrective of stock-exchange methods.

I move that the bill be referred to the Committee on Banking and Currency.

The motion was agreed to.

RECOMMITTAL OF A BILL

On motion of Mr. COUZENS, the bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, was recommitted to the Committee on Interstate Commerce.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska was read twice by its title and referred to the Committee on Mines and Mining.

REVENUE AND TAXATION—AMENDMENTS

Mr. JONES submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

At the appropriate place, insert the following new section:

"Sec. —. There shall be levied, collected, and paid upon all articles, imported from a country whose currency has depreciated on the day of exportation of such articles, an excise tax of 1 per cent of the value thereof for each 1 per cent that the value of the currency of such country, as proclaimed by the Secretary of the Treasury in accordance with subsection (a) of section 522 of the tariff act of 1930, for the quarter in which the articles were exported, exceeds the value of the currency of such country on the day of importation as certified by the Federal Reserve Bank of New York to the Secretary of the Treasury in accordance with subsection (c) of section 522 of the tariff act of 1930."

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 244, line 16, after the word "processes," insert the following: "Provided further, That ores or concentrates usable as a flux or sulphur reagent in copper smelting or converting, and having a copper content of not more than 15 per cent when imported for fluxing purposes, shall be admitted free of said tax in the aggregate amount of not to exceed in any one year 15,000 tons of copper content."

Mr. CAPPER submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

Amendment intended to be proposed by Mr. CAPPER to the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, viz: On page 281, following line 9, insert a new section, to be known as section 726, as follows:

"SEC. 726. Except as hereinafter provided, all short sales of grain and cotton by any person for future delivery, where the seller does not own the commodity and which amount in any one day to the quantities hereinafter specified, shall be subject to the taxes hereinafter prescribed:

"Upon short sales of grain:

"One-fiftieth of 1 cent per bushel on sales totaling less than 50,000 bushels.

"One-twenty-fifth of 1 cent per bushel on sales totaling 50,000 bushels and less than 100,000 bushels.

"One-tenth of 1 cent per bushel on sales totaling 100,000 bushels and less than 500,000 bushels.

"One-fifth of 1 cent per bushel on sales totaling 500,000 bushels and less than 1,000,000 bushels.

"Two-fifths of 1 cent per bushel on sales totaling 1,000,000 bushels and less than 1,500,000 bushels.

"Three-fifths of 1 cent per bushel on sales totaling 1,500,000 bushels and less than 2,000,000 bushels.

"One cent per bushel on sales totaling 2,000,000 bushels and over.

"Upon short sales of cotton:

"One cent per bale on sales totaling less than 1,000 bales.

"Two cents per bale on sales totaling 1,000 bales and less than 2,000 bales.

"Five cents per bale on sales totaling 2,000 bales and less than 10,000 bales.

"Ten cents per bale on sales totaling 10,000 bales and less than 20,000 bales.

"Twenty cents per bale on sales totaling 20,000 bales and less than 30,000 bales.

"Thirty cents per bale on sales totaling 30,000 bales and less than 40,000 bales.

"One dollar per bale on sales totaling 40,000 bales and over.

"In order to determine the amount of any commodity owned by any person the amount of such commodity such person is raising or in good faith expects to raise within the next 12 months, on land (in the United States or its Territories) which such person owns or leases, shall be included; and in order to determine the amount of any commodity owned by any person, in the case of a resident of the United States or a domestic corporation, the amount of such commodity in the United States or elsewhere shall be included; and in the case of all other persons, only so much of the commodity in the United States owned by such person shall be included.

"Nothing in this section shall be construed to place a tax upon a 'hedging' transaction when it can be shown to the satisfaction of the Commissioner of Internal Revenue that said transaction constitutes a bona fide 'hedging' transaction, as defined by regulations to be issued by the Commissioner of Internal Revenue in cooperation with the Grain Futures Administration and the Cotton Futures Administration of the United States Department of Agriculture."

CLERK IN THE DISBURSING OFFICE

Mr. FLETCHER. Mr. President, the Committee to Audit and Control the Contingent Expenses of the Senate reported unanimously Senate Resolution 208, and it is on the calendar. I ask unanimous consent that it may be taken up and agreed to.

Mr. McNARY. As I stated last evening, I do not usually consent to taking up business irregularly from the calendar, but this is a pressing matter to meet an emergency situation, and I have no objection to the adoption of the resolution.

The resolution (S. Res. 208) was read, considered, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to employ a clerk for service in the disbursing office of the Senate at the rate of \$2,220 per annum, to be paid from the contingent fund of the Senate until otherwise provided by law.

OCEAN MAIL AND SHIPPING ROUTES

Mr. McKELLAR. Mr. President, I ask unanimous consent to insert in the RECORD, as part of my remarks, a compilation of the instances where competition in bidding on mail routes was made impossible under the specifications of the Post Office Department, by Mr. John Nicolson. It gives most valuable information and information that the Senate ought to have. It is compiled by an expert, long familiar with the business of shipping and ocean routes and having had a long experience as an official of the Shipping Board or Fleet Corporation, and it ought to be made a part of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, and it is as follows:

FURTHER COMMENTS SUPPLEMENTING THE ABOVE STATEMENT

I

COMPETITION WAS EXCLUDED, INTENTIONALLY EXCLUDED, BY SPECIFICATIONS, COMPLIANCE WITH WHICH WAS POSSIBLE BY ONE PERSON ONLY

The monopoly in bidding resulted primarily from the certifications made by the Shipping Board relative to kind, size, and speed of vessels "required" for the postal route involved. The exclusion of all bids other than the preferred line was perfected by two limitations imposed by the Postmaster General, viz: (a) The short time allowed within which to present a bid and (b) the very early date by which the operation of the service was required to commence.

The text of the law made wholly unnecessary the undue speed attending the award of these contracts, for instance: The law provided (sec. 414f) as much as 12 months from June 30, 1928, through which investigations could have been made, wise procedure developed, and reasonable time given prospective bidders to examine and consider the matter within a reasonable time limit for bidding.

The commencement of operations under the contract could also have been fixed to allow prospective bidders time within which to secure necessary equipment, etc., with which to perform. The text reads (sec. 403), "Performance under any such contract shall begin not more than three years after the contract is let" a provision clearly contemplating that an award may be made to a company which may have to build new vessels for performance.

The following is a sample of what in fact was done: The act was approved May 22, 1928. On May 24, two days later, the Post Office Department immediately adopted a group of routes for certification; they were in fact routes which had been previously recommended by the board. On May 29 the board certified the vessels' requirements, in the manner and on the basis we have described.

The advertisements inviting bids were then immediately inserted, viz, on June 9, 1930; they required bids to be presented by July 9, 1930, or within less than 30 days from the first appearance of the publication. More serious than these, however, was the requirement that performance of the contract should commence on August 1, 1930.

This speed seems to have been unjustified from every point of view. Prompt movement of the mails was not involved not only because the new act provided for the extension of the existing contracts for a term not exceeding one additional year but also because, if such contracts were not extended, the steamship services were there and in the absence of any contract, their legal obligation to convey the mails was definite and certain—at the poundage rates.

II

POWERS RESERVED TO CHANGE, BY MUTUAL AGREEMENT, PORTS, ROUTES, AND VESSELS, NULLIFY COMPETITIVE BIDDING, EVEN WHEN THE INITIAL BIDDING WAS COMPETITIVE; OR, DO THE RESERVED POWERS NULLIFY THE CONTRACT?

A transaction is not based on competitive bidding unless the services in fact rendered and paid for, under the awards, are substantially the same services on which the competing but losing bids were also based. The law provides (sec. 406) that in the advertisement inviting bids for the particular route the Postmaster General—

"shall describe the proposed route, the time when such contract will be made, the number of trips a year, the schedule required, the time when the service shall commence, the character of the vessels required, and all other information deemed by the Postmaster General to be necessary to inform prospective bidders as to the character of the service to be required."

The above provision requires that definite specifications be presented, so that definite bids may in turn be submitted; and that all bids shall relate to the same services, viz, the services in fact wanted and in fact to be rendered.

Although the notices advertised were apparently definite in describing a particular route, the vessels to be used, and the number of voyages to be made, the contracts contain provisions that the Postmaster General and the contractor may make basic changes in the services to be rendered and the compensation to be paid, changes which may be equivalent to the abandonment of the original agreement. Among such "reserved powers" in the contract are the following:

(a) They "may extend the service to additional ports, curtail the route to omit ports, change the service to substitute ports, or increase or reduce the number of trips."

(b) Although the contracts provide for the operation, in the first instance, of vessels of specified size and speed, they contain, on the other hand, a provision that if the Postmaster General and the contractor mutually agree that "the needs of the service require it" they may also agree to operate additional vessels and to substitute vessels of higher classes; that is, larger and faster vessels.

Now, if these reserved powers are valid, the requirement for competitive bidding is superfluous. We think the law authorizes no such reservations, and the serious question is presented whether a contract containing such provisions is not voidable at the instance of the Government. They conflict with the following provision of section 410 of the act:

"The Postmaster General may, in case of emergency, permit the substitution for a particular voyage of a vessel not within the

provisions of the contract, even though not conforming to the requirements of section 405."

This provision clearly implies and assumes the contract has been written to conform with what the law, as mentioned above, clearly requires, viz, the designation of vessels of size and speed described, and performance of the contract with vessels which were the basis of presumptively competing bids. The provision quoted above is, of course, wise, to meet an emergency.

While in violation of the text quoted above, their legality is subject to challenge on broader principles of law and of common justice—assuming that competitive bidding was in fact intended; indeed, whether intended or not, the fact remains competitive bidding is required.

If these reserved powers are valid, then it would seem the advertised notice could describe and have sole reference to a proposed service from Miami, Fla., to Habana, Cuba, requiring only the comparatively small vessels sufficient for that service, say 2,000 tons. Bids having been received accordingly, and a contract awarded accordingly, but containing these reserved powers, may it then be expanded, by private agreement between the Postmaster General and the contractor, not only without inviting further bids but without notice of any kind, into a contract for a service between New York and Rio Janeiro with great ocean liners, say of 20,000 tons and 20 knots speed, with maximum compensation belonging to that class. The mere statement of the possibilities under such reserved powers reveals the possible illegality of the contract containing them, irrespective of the high motives which may have prompted them.

INCREASE OF BANKING FACILITIES

Mr. GLASS. Mr. President, it is my understanding that the Senate is to proceed with the unfinished business.

The VICE PRESIDENT. The Chair is advised that the Senator from Wisconsin [Mr. BLAINE] is to proceed this morning on the unfinished business.

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. BLAINE. Mr. President, it is not my purpose to discuss the bill as a whole. I desire to confine my remarks to a discussion of the subject of branch banking. I understand the amendment offered by the Senator from Michigan [Mr. VANDENBERG] applies to that subject. However, I shall discuss primarily branch banking, as I conceive it to be a very dangerous undertaking for America to engage in upon a scale beyond branch banking within a municipality. The Senator from South Dakota [Mr. NORBECK], the chairman of the Committee on Banking and Currency, has proposed an amendment to strike out section 19, and it is that amendment which I propose to discuss.

Before entering upon a general discussion of branch banking, I want to point out two very material propositions which have not been discussed to any great degree up to this point and one of which has not been touched upon at all. I want to call the attention of the Senator from Virginia [Mr. GLASS], who is sponsoring this bill, to the fact that if section 19 as proposed shall permit branch banking, then we will be initiating a system which will deprive all local communities, every town, city, and village, wherever there may be established a branch bank, of revenue that now comes from the taxation of banks.

Let me point out that under a branch-banking system only the fixtures in the branch bank and its real estate will be subject to taxation. All taxes upon the assets of the bank, all income taxes, if there be a State system of income taxes, will be made impossible by section 19 as to every locality. I know of cities in my own State having a population of twenty or twenty-five thousand, which, if the branch banking system were in any general degree extended throughout the State, would lose at least from \$50,000 to \$75,000 a year in taxes that ought to go to those communities. Under the system suggested it is proposed to drain the local communities; it is proposed to suck the financial resources out of those communities, and to deprive them, on the other hand, of the sources of taxation which they now enjoy. I think that is a very serious objection to the enactment of the bill in its present form.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. BLAINE. I yield.

Mr. BORAH. The Senator's contention is based on the proposition that the branch banks will not be taxable by the States?

Mr. BLAINE. No; I base my contention upon the proposition that, under the present laws of the United States and under whatever laws the Congress may hereafter pass, unless they very materially modify the organization of branch banks, the respective communities in which such banks are located will have no power to tax them except as to the fixtures and the real estate of the particular branch bank. The assets of the branch bank, no matter how great they may be or of whatever character they are, will escape all taxation in those local communities, and all taxes of that character will go to the community where the parent bank may be located.

Mr. President, the various subdivisions of government are having a difficult time under present circumstances; they have difficulty under any circumstances, whether in good times or in depression, to find the sources of revenue with which to carry on the undertakings of local government. Let me say, by way of parenthesis, that, after all, practically all the useful and immediate services that come from government are paid for by the local communities. It is our cities and villages and towns and counties that must operate the courts. They must pay for those institutions; they must take care of the poor; they must support the libraries; they must support the schools; they must support the police system; they must support all the local undertakings of government that afford protection to person and property. After all, upon our local communities is placed the burden of providing for the security and protection of our citizens and their property. That is why taxes are high in local communities. The Federal Government contributes very little, on the whole, with respect to the enforcement of law, the protection of property, the promotion of health, education, libraries, or any other service to which the citizens are entitled. In the very nature of things the realm of the Federal Government is with respect to purely national and international affairs; and so the burden of taxation for all of the projects to which I have referred rests upon the localities and the property within those localities. To take away this source of taxation is to deprive them of revenues essential for the protection of life and property and the promotion of health, education, and all the other undertakings in which local communities engage.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. BLAINE. I yield.

Mr. WALSH of Montana. I should like to inquire of the Senator if it is his view that a bank with all its branches would be taxable only in the county or municipality in which the parent bank is located?

Mr. BLAINE. That is the only place where the bank owns property outside of the real estate and fixtures of the branch bank.

Mr. WALSH of Montana. The Bank of Canada, for instance, has branches all over the Dominion. Are we to understand that those branches pay no provincial taxes at all?

Mr. BLAINE. My understanding is that the only tax they pay is the tax upon real estate and fixtures. But, however that may be, I know in my own State under our system of taxation the law provides for an income tax but not for a tax on intangible property. We tax only tangible property, not notes, bonds, shares of stock; all intangible property under the laws of my State is exempt from taxation, and the income tax is substituted in lieu of that source of taxation. So, in my State under our present law the only property of branch banks subject to tax under this bill would be their real estate and fixtures—the physical property actually owned and occupied by the

branch banks. That perhaps is true in other States having an income tax, and it is true in every State where intangible property is taxed.

There is another objection which has received no discussion except the assertion by the Senator from Virginia—and it was a very material assertion—in the debate the other day that if the branch-banking system were authorized as proposed by this bill the inevitable result would be that the States would authorize branch banking for the State banks, thereby putting the State banks upon a parity with the banks operated under the National Government. But let me call attention to this very pertinent fact which the Senator did not discuss, namely, that under this bill the parent bank may establish a branch bank outside the boundaries of the State in which it is located.

I want to suggest and seriously call to the attention of the Senate the fact that this is just another step to the final end that branch banking will be permitted in this country, without respect to any territorial area whatever. Assuming, however, that that may not occur—which, in my opinion, is not a valid assumption—under this bill a parent bank may establish branch banks outside of the State where the parent bank is located. It is well known to every lawyer that a State can not authorize its banking institutions to do business beyond its own boundaries. In other words, there is no State in the Union that can authorize a banking institution organized under its laws to go into another State and there engage in the banking business—I mean operate a bank. It has no control over banking institutions in other States. If a bank in any State has connection with a bank in another State, the States where the respective banks are located have exclusive jurisdiction in each case, and therefore it is impossible under our fundamental law to place the States of the Union on a parity with the Federal Government in connection with branch banking. I think that is a very serious objection to the establishment of branch banking as proposed by this bill.

I have pointed out those two circumstances. I think the objections are valid. I have examined this problem very diligently; I know of no answer to the two objections which I have suggested, and I think they alone ought to defeat the proposal contained in this bill and thereby bring about the adoption of the amendment proposed by the Senator from South Dakota [Mr. NORBECK].

Mr. President, the distinguished chairman of the Committee on Banking and Currency has very ably outlined the subject of branch banking. I do not want to repeat what he has said or to engage in any discussion of the very pertinent facts which he has presented. I think I can discuss this subject without trespassing upon the premises which he has set forth.

Before entering upon the general phase of the subject, I want to bring to the attention of the Senate another argument in favor of branch banking to which some reference has been made. It has been stated that a large number of our bank failures have been among the smaller banks of the country. In connection with that subject, it is also pointed out that the number of State banks far exceeds the number of national banks; that the number of State banks that are not members of the Federal reserve system far exceeds the number of member banks in the Federal reserve system. All that may be important, and I think is an answer to the proposition when it is contended that these small banks have been unable to support themselves or to maintain their existence and therefore fail. But this proposition is subject to another analysis, and I think I shall be able to point out by the official record—I think it can be asserted with entire confidence that the record can not be disputed—that our smaller banks and our State banks have come through this depression with a success greater than, or at least equal to, that of the banks in the Federal reserve system.

In discussing this matter the other day, one of the Senators pointed out that in the last 11 years, from 1921 to 1931, both inclusive, the amount of deposits in suspended non-member banks—and I am going to give just the round fig-

ures in order to save time—was \$957,000,000 and then in the same breath suggested that the amount of deposits in suspended national banks members of the Federal reserve system was only \$439,000,000; but there are other suspended member banks of the Federal reserve system the total deposits in which were \$294,000,000.

In order to compare the non-member-bank success and the member-bank success, if we align the two items, the amount of deposits in national banks and in State banks that were members of the Federal reserve system, we find that the total of deposits in those suspended banks during the 11 years was \$733,000,000, as compared with \$957,000,000 of deposits in the nonmember banks.

But that does not tell all the story. It tells only a portion of the fact. These figures I am taking from the Federal Reserve Bulletin of April, 1932, and therefore they are official. On page 237 of that bulletin we find this fact:

The member banks that were reopened during the 11 years had deposits of \$119,000,000. When a bank is reopened or reorganized, the general rule is that the deposits are accounted for to the amount of 100 per cent. There may be a suspension respecting the payment of those deposits; their payments may be, by agreement of the depositors, spread out over a year, two years, or three years; but the amount of deposits in the reopened member banks during the 11 years, which represents 100 per cent of the deposits, in all probability is \$119,000,000, while the amount of deposits in the reopened nonmember banks was \$344,000,000. Therefore, in order to ascertain the exact status of the member banks and the nonmember banks as to deposits which are subject to discount through liquidation of the closed banks, after deducting the amount of deposits in the reopened banks, we have \$614,000,000 in deposits in banks of the Federal reserve system which must go through liquidation. In the case of the nonmember banks, taking into account the \$344,000,000 of deposits in the reopened banks, we have only \$613,000,000 of deposits in suspended banks that are subject to liquidation, and therefore the depositors subject to a reduction in the amount that may be received upon their deposits.

That record discloses that the nonmember banks, though the failures have been many, at the end of an 11-year period show a record in the saving of depositors equal to the record of the members of the Federal reserve system. So the argument that has been made that there is greater safety for depositors under the Federal reserve system with the branch banking proposed than there is with respect to the independent nonmember banks falls to the ground. The security of deposits in nonmember banks is as great, if not slightly greater, than the security of deposits in the member banks, in which group we find most of the branch banking, group banking, and chain banking.

Now, Mr. President, passing on to the general subject, as the chairman of the committee said, branch banking is a foreign system, perhaps suitable to countries that are small in area and population; but let us contrast that foreign system in its efficiency and its accomplishments with the efficiency and accomplishments of the independent banking system that has prevailed in America.

During the World War there was not a nation in Europe, either among the Allies or any other nation, having a centralized banking system with all the characteristics of branch banking, that was able to sustain even its own domestic credit. That statement can not be successfully challenged. In America, where up to the time of the opening of the World War, branch banking, group banking, and chain banking had not developed, the banking system was able to sustain the domestic credit and the foreign credit. Apply that test to a branch-banking system and at once its weakness appears. When I speak of branch banking I think I can apply that term to the banking systems of Great Britain, France, continental Europe, Canada, and Australia—a centralized system with a parent bank, with member banks or branch banks scattered all over the realms of the respective countries. I think it can be demonstrated that that system has been unable to supply the essential

credit for agriculture, industry, and in most instances commerce. I will use but one illustration. That is Canada.

As I recall, Canada has 10 or 11 parent banks. Those parent banks have their branch banks scattered over the Dominion. The first 150 miles just north of the American boundary line, or an area of land 150 miles wide, is comparable with an area 150 miles wide in the United States just south of the boundary line as to fertility, climatic conditions, rainfall, and seasonal variations. It is also comparable respecting commerce, especially the water commerce of the Great Lakes, with greater advantages to commerce on the St. Lawrence River going to Canada.

Canada possesses natural resources, even in coal, second only to the United States, and second or third in the production of gold and silver, as I recall; first with respect to some of the more precious metals; with vast timber areas, accessible, with water transportation, the most ideal system for the lumber industry; with hydroelectric possibilities and industrial possibilities comparable to those of the area in the United States to which I have referred.

I do not say that Canada's agricultural and industrial development has been retarded because of branch banking, but I do say that its agricultural and industrial development has not kept step with the possibilities possessed by Canada, and for the reason that the Canadian banking system has been unable or unwilling, whichever the case may be, to furnish the essential credit and currency for agriculture and industry.

Canada's position with respect to commerce is ideal—commerce that would promote agriculture and industry—so it is not her lack of commerce or facilities for commerce that has retarded the agricultural and industrial development in Canada.

Canada's population has increased but a very small percentage, and I call attention to the fact that Canada has a population made up of nationalities and races almost of the same type and character as are found in the United States; indeed, absolutely of the same type.

Canada's wealth has had a very small percentage of increase. Before the present depression, with a population of less than 10,000,000, Canada had wealth of only \$30,000,000,000; and 11 per cent of that wealth was American capital, due to the ability of the American banking system to advance credit and the essential currency for the development of American capital in Canada.

What happens in Canada? There have not been many bank failures there, it is true. But the Canadian branch-banking system has not taken risks. Bank failures do not occur, except in case of criminal defalcation, when no risks are assumed by the banks. We would not have had the number of bank failures we have had in the last few years had it not been for the risks the American banking system assumed. They were not unreasonable risks. The American banking system had a right to assume that farm values were sound, that those values would continue unimpaired. The American banking system had a right to believe that the value of American securities would remain unimpaired. The American banking system took the risk that agriculture and industry would continue prosperous, or in part prosperous. The American banking system advanced credit.

Not so in Canada. The reason why banks do not fail in Canada is that the banks do not assume the risks. The banks do not furnish the essential credit, or any credit to speak of, for agriculture. They do not assume to advance the essential credit for industry.

The experience of Canada has been that, through the branch-banking system, the parent banks have siphoned the wealth and the income from communities all over Canada and left those communities stripped of that to which they were entitled, stripped of their incomes, stripped of the fruits of their labor, and the money carted off to some central bank.

I want to read the expression of an opinion which I think represents generally the situation in Canada, appearing in the Toronto Star, in discussing the Canadian branch-banking system. This is what the Toronto Star said, and this is

what the Canadians who live in communities which have been drained of the essential credit to which they are entitled will tell:

Monster banking monopoly, a leech at Canada's throat, killing local industry, depopulating rural districts. Centralization of almost entire financial power of Dominion in the hands of a few capitalists has resulted from our much-vaunted banking system—almost total extermination of local banks.

Under these startling headlines the following article appeared:

While large capital insures slow, steady transmission of deposits to branches for control and use of head offices in smart, alien centers, local credit based on local savings is transferred to parasites, on whom rests neither responsibility, object, nor desire to exercise banking functions in support of local enterprises. With such credit basis lost, not only does the collapse or absorption of local bank institutions become inevitable, but local aspirations and confidence which had sustained local industry are wiped out or made dependent on the will and nod of competitive enterprises. So secretly, so gradually does this sequestration of savings proceed, so insidiously are local enterprises undermined, that planting of a branch to suck out local earnings, to extirpation of even the last local industry or institution is embraced by "slow going" people with the same artless innocence as a 3-year old child fondles a viper. To this accursed system of concentration of credit and destruction of local industry, the Dominion of Canada stands indebted for a contracted population of 7,000,000 in place of 25,000,000 rightfully due it under decentralized systems of banks designated to sustain, to breathe the breath of economic life through the remotest, as well as the most insulated of its parts.

Mr. President, that opinion, expressed by a Canadian, ought to be convincing of the fact that a branch-banking system will slowly, gradually, wipe out independent local banks, siphon the income from the localities, and centralize the power of credit in the hands of a few institutions in the larger centers.

I want to read some extracts from letters which were published by the American Bankers' Association Journal in 1929 with reference to the Canadian branch banking system. These letters point out how credit is denied, how local initiative is chloroformed. As we all understand, under a branch-banking system, the branch bank is not the proud creature of a community. It has not developed out of the ingenuity and the honesty and the integrity of a local citizen who has served his community for on to half a century.

There being no local board of directors, there is no one having a great pride in an institution like the board of directors of an independent banking system would have; proud of their honesty, proud of their integrity, proud of their opportunity to serve their community.

Unit banking lifts the banking business to a plane where the bank becomes a local institution to which the entire community points with pride. It inspires the confidence of friends and neighbors in the officers and the board of directors, the men who have operated the bank. The patrons of the bank feel that there is a sympathetic attitude on the part of the officers toward local institutions. No matter what may be the financial trouble of a local citizen, whether he is engaged in farming or in commercial business or in industrial business, he feels a perfect freedom to go to the office of the bank and there sit down and discuss the financial circumstances of the individual or the institution which he represents, knowing full well the local interest and the local desire to protect that interest.

The whole scheme of independent banking, therefore, is to develop the respective communities and diversify the industries of the Nation. That is impossible under a branch-banking system. We have no diversification under a branch-banking system. In the case of the farmer, for instance, who may want to borrow \$300, when he goes to a branch bank or chain bank, or whatever the centralized system may be, he is not treated as a human being. He is given a questionnaire and pen and ink and he must make out a schedule of his property holdings. That is not considered by the branch bank. That is forwarded to the central bank 100 or 200 miles away, whose officers know nothing of the personal integrity and honesty and capacity of the individual who desires to borrow the \$300. They know nothing of the honesty and integrity and capacity of the individual to pay, which is of far greater importance than

the mere fact he may possess property double the amount of the loan. The far-distant institution knows nothing of the relationship of the individual to the community and his responsibility as an individual. He must wait for days and weeks before he can obtain a loan. It is identically the same with respect to the development of industry, though on a larger scale.

Let us see what the American Bankers' Association Journal found in Canada. They reproduced these letters in November, 1929. The first is dated January 18, 1918, and reads as follows:

It has been decided that it is to the advantage of the institution, and also it will be of great assistance if, until further notice, all applications for loans exceeding \$300 be submitted to the directors through the head office for their approval.

That letter was sent out by a parent bank to its branches in the Dominion of Canada, and yet some one has had the temerity to testify before some congressional committee, as I recall, that \$2,500 is the minimum limit ever placed on a branch manager. The fact is that the minimum limit is even less than \$300 in cases where the branch manager has the right to pass upon the application and grant the loan.

Another letter dated July 5, 1918, is from a parent bank to one of its branches in Canada:

After taking everything into consideration it has been decided that the wisest thing to do is to ask the managers not to make any more loans, except very small ones, say, from \$50 to \$75, without first sending the application to the head office.

Another letter of July 10, 1918, from a parent bank to a branch bank in Canada:

I realize that a great many of the farmers do need \$50 to \$75 to buy what coal they would stock at this time of the year, and it is not expected that you loan even this amount unless they are entitled to it without question. Unless we get more rain the condition as to the crop situation is not bright and, although it is disagreeable to refuse people credit which ordinarily we should be glad to grant, still the good of the community is best served by keeping people from borrowing money under such conditions.

Yes; the best interest of the community is served by permitting the farmers to freeze to death! The letter closes with this statement:

It is surprising how little money a man can get along with when he has to.

If that is not a cold, cruel method of determining the question of extending credit to an individual, I do not know what is cold and cruel and heartless. That is exactly the branch-banking system—cold, heartless, cruel, indifferent, because it is an alien system, an absentee landlord.

Is the Canadian banking system a success? It is a success in having few bank failures and it is a success in extending practically no credit. If that kind of banking system is a success, then no banking system could acquire a greater success.

There is very little statistical information as to bank failures in Canada, but they have failures there just the same. We have found that one bank, under the branch-banking plan, in 1923 had 68 branch banks. The parent bank failed and dragged down with it the 68 branch banks. Of course there are failures in Canada. At an earlier date another parent bank crashed and with it crashed its 10 branch banks. Another one crashed and with it went down 27 branch banks.

Mr. President, that is the evidence, and it seems to me it can not be successfully disputed or controverted.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. On that question it often occurs, I know, that a misunderstanding goes out as to the bank failures when speaking of Canada, because when it is said that only so many banks have failed, it means parent banks. It seems to me it would be fairer if we counted each branch bank as a bank, because each branch bank performs the functions of a bank in a community. I would like to have the figures based on that sort of calculation. If we should count each branch bank as a bank, how many failures would it make in Canada?

Mr. BLAINE. I have not the information. I would ask the attention of the Senator from Virginia [Mr. GLASS], if I may have it?

The PRESIDING OFFICER. The attention of the Senator from Virginia is requested.

Mr. GLASS. Very well.

Mr. BLAINE. The Senator from Nebraska has asked if there might be made available the number of branch banks that went down with the parent banks in Canada. I do not know whether the Senator from Virginia has had that information presented to him or not.

Mr. GLASS. No; I have not. I stated yesterday that I was chiefly interested in the aggregate of losses by depositors by reason of bank failures in Canada in contrast to the volume of losses to depositors in this country. I may add, as stated yesterday, that we are not proposing to transfer the branch-banking system of Canada to the United States. That is a system which covers the entire Dominion of Canada. We are proposing to confine branch banking in this country within the limits of each State.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. I do not want the Senator from Virginia, the Senator from Wisconsin, or any other Senator to get the idea that I asked my question in any spirit of hostility. I remember the figures which the Senator from Virginia gave; they were very illuminating and, I think, very important. Nevertheless, it seemed to me that it would add to the picture if for the purpose of counting bank failures we considered each branch bank a bank. Otherwise, when we speak of so many bank failures in Canada and so many bank failures in the United States we get a misapprehension, because the failure of a bank in Canada means the failure of what would be equivalent to a good many banks in this country, dependent upon the number of branch banks the parent bank owned and operated.

Mr. GLASS. Mr. President, that observation would apply to the failure of banks in this country which have branches.

Mr. NORRIS. Yes, indeed, it would.

Mr. GLASS. As I understand, there are 10 or 12 States which permit state-wide branch banking. There is an additional number of States which permit to a limited degree branch banking. For example, the Bank of the United States, which never should have been permitted to take that name because it was not a bank of the United States—the very title produced a false impression that it was a national bank—had a very large number of branches in New York, so that what the Senator suggests would apply also in this country.

Mr. BLAINE. I desire to ask the Senator from Virginia a question. I may be mistaken, but my information, I think, is fairly reliable. I am sure the Senator from Virginia, with his candor and frankness, will be able to tell me whether or not the information I have is reliable. As the Senator from Virginia knows, the subcommittee of the Committee on Banking and Currency, of which the Senator from Virginia was chairman—

Mr. GLASS. And I did not desire to be.

Mr. BLAINE. The Senator performed the duty, however, whether or not it was compatible with his desire. My information is that the subcommittee had information from the comptroller's office which, perhaps necessarily, was not brought to the attention of the full committee, that the comptroller presented to the subcommittee quite a full statement respecting bank failures in Canada, with a great deal of data which the Senator was not privileged to make public. I am going to inquire whether or not the Senator's committee had access to that information?

Mr. GLASS. I will say to the Senator that he is totally misinformed. The Comptroller of the Currency furnished us no such information. I may make the broad statement that the Comptroller of the Currency did not furnish the subcommittee one bit of information, and not up to this day

has he ever commented upon the provisions of the pending bill to the subcommittee.

Mr. BLAINE. I assume, then, that there is not entire harmony in the comptroller's office, and I was very anxious to get the Senator's statement as to that, because I would accept his statement as being correct.

Mr. GLASS. I can not undertake to say anything about the harmony in the comptroller's office. I know what has happened in and before the subcommittee, and we were furnished with nothing of the kind.

Mr. BLAINE. I am quite content to accept the Senator's statement about it.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. BLAINE. I yield.

Mr. LONG. If I may attract the attention of the Senator from Virginia, the comptroller has very definitely gone on record in favor of the branch-banking system.

Mr. GLASS. Undoubtedly, and in a very much more extended way than this bill provides.

Mr. LONG. And he has used in support of the effort to compel branch banking over the United States the example of a bank that during late years has practically exhausted the resources of a State in order to keep open. I have personal knowledge of this matter. The present comptroller's policy is and has been to bring about a branch-banking concentrated system. Without making matters too public, I can point out that the greatest of disasters has come from the enforced branch-banking system, low or no law, that has been foisted on this country by the present comptroller. Whether there is any law for it or not, it is in effect.

Mr. GLASS. The only information I have from the comptroller's office is the information contained in his annual report to the Congress and the information he furnished us at our public hearings. No other information has been furnished the subcommittee from the comptroller's office.

Mr. BLAINE. Mr. President, in connection with the inquiry made by the Senator from Nebraska [Mr. NORRIS], let me say unless we have a comparison of the assets of the Canadian banks with the assets of American banks we do not get any adequate conception of the vastness of the American system. The Canadian banks on December 31, 1931, had resources to the amount of \$2,997,000,000, as compared with resources of \$71,000,000,000 of the banks under the American banking system.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield further to the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. GLASS. I just want to inject again right there that the Senator is speaking upon the assumption that this bill is proposing to introduce the Canadian banking system in this country, which is far from the fact.

Mr. BLAINE. That is the Senator's present opinion, but the Senator will not control this tendency. This is a step in the direction of a complete centralized banking system. The Canadian banking system as to population, as to assets, as to deposits is incomparable with the banking systems in States like New York, Illinois, Ohio, or Pennsylvania. This bill will set up a system that will be permitted in every State in the Union.

Mr. GLASS. While we are engaged in comparisons, suppose we compare the aggregate losses in the entire Canadian banking system with the aggregate losses, say, of the banks in New York, with a less population than Canada. The losses in Canada over a period of 65 years are inconsequential compared to the losses in New York last year.

Mr. BLAINE. I can reply to the Senator that the extension of credit by the New York banks so far exceeds the extension of credit by the Canadian banks that the Senator's contention does not argue very strongly in favor of a branch-banking system. Canada has not extended credit under its branch-banking system as has New York. New York under its system has extended credit and it has taken the risks

involved. As I remarked a few moments ago, the banks of Canada have not taken the risks, and if a bank does not take the risks, of course, its losses will be small; in fact, they ought to be nothing if they carry their denial of credit to the *n*th degree.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. BLAINE. I yield.

Mr. FLETCHER. The Senator from Kentucky [Mr. BARKLEY] placed in the RECORD some weeks ago an article respecting the Canadian banking system. That article, which was written by Mr. M. Grattan O'Leary, is found on page 5629 of the CONGRESSIONAL RECORD. I quote from it, as follows:

CANADA'S BANKING SYSTEM

By M. Grattan O'Leary

OTTAWA, March 5.—According to reports of the Federal Reserve Board the years 1931-2 saw 3,635 United States banks suspend operations, with a net loss to depositors of \$2,404,000,000. In the light of these disastrous consequences, United States readers may be interested in the operations of Canadian banks during the same years. The Canadian banking story, summed up briefly, is this:

1. Not a single Canadian bank has closed its doors since the beginning of the depression.
2. Since confederation, a period of 65 years, there have been but 26 Canadian bank failures, with a total loss to depositors of less than \$13,500,000.
3. Since 1900 there have been but 9 failures, 5 of these being but small banks carrying deposits of less than \$1,000,000; and in 5 of the 9 failures depositors did not lose a dollar.
4. During the present depression not a single Canadian bank has even reduced the rate of its dividend; all of them, without exception, have added to their reserves.

What is the explanation? How comes it that while United States banks have been failing by the thousand, and United States depositors losing up to billions, the people of Canada, living under similar economic conditions, have continued to enjoy banking safety, mobility of funds, a reasonable abundance of credit?

Mr. BLAINE. Mr. President, I do not know how authoritative those figures are, but the Canadian year book discloses that in 1923 one parent bank, with 68 branches, closed with a deposit liability of \$18,000,000. Let me call attention to the pertinent fact that the Government of Canada feels a definite liability for bank deposits.

Branch banking, Mr. President, involves other considerations. Much has been said about the capital stock of the parent bank, and that whenever a branch bank is established the parent bank must add to its capital stock an amount equal to that which would be required for a national bank if it were organized independently. That argument implies that bigness and volume mean strength. The probabilities are that bigness and volume mean weakness instead of strength, at least, there is some persuasive evidence that bigness and volume do not mean strength in banking. I want to point out some of that evidence.

In California, in 1931, one parent bank with eight branches crashed, with deposits of \$7,799,000.

In Maryland a parent bank with 11 branches crashed, with deposits of \$13,000,000.

In Ohio a parent bank with 11 branches crashed, with \$25,000,000 deposits; a parent bank with 6 branches crashed, with \$15,000,000 deposits; a parent bank with 10 branches crashed with \$20,000,000 deposits.

In Pennsylvania a parent bank with seven branches crashed, with \$5,000,000 deposits.

In South Carolina a parent bank with nine branches crashed, with deposits of \$1,000,000. Another parent bank in South Carolina with 40 branches, as I recall, if not more—however, that was a chain system—crashed. The testimony on that subject was given in executive session of the committee during the consideration of the Reconstruction Finance Corporation bill. I do not recall the amount of deposits involved.

Mr. GLASS. Mr. PRESIDENT—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I do.

Mr. GLASS. Nothing in the figures presented by the Senator would indicate the size of those parent banks. The figures that really bear upon the Senator's proposition are contained in the report of the comptroller, from which I quoted here on the floor several days ago. That shows that 90 per cent of the bank failures in this country were of banks with an inconsequential capitalization, and that but one-tenth of 1 per cent of the banks with a capitalization exceeding \$1,000,000 failed.

Mr. BLAINE. Mr. President, the Senator was not present in the Chamber when I pointed out that those figures are not significant, in my opinion; and I desire to repeat briefly what I said in the absence of the Senator.

I am quoting from the Federal Reserve Bulletin of April, 1932, using round numbers. This has to do with the State banks, the nonmember banks, and the member banks of the Federal reserve system. The Senator quoted some of the figures yesterday or the day before during his remarks.

For the 11 years, 1921 to 1931, both inclusive, the total deposits in suspended nonmember banks were \$957,000,000. The total deposits in suspended member banks for the same period were \$733,000,000. There is, however, this significant fact to take into consideration in that connection:

Some of these banks were reopened. In nearly every case, and in every case in my State, both State and national, that has come to my attention, wherever the bank was reopened there was not a single dollar of loss to the depositors. They received 100 cents on the dollar. The payment of those deposits might be deferred a year or two or three years, but there was no loss on the deposits.

Within the 11 years, 1921 to 1931, in the case of the member banks, those deposits in the reopened banks amounted to \$119,000,000. In the case of the nonmember banks, those deposits amounted to \$344,000,000. In other words, that left \$614,000,000 of deposits in the closed member banks that were in process of liquidation, and \$613,000,000 deposits—slightly less—in the nonmember banks that were in the process of liquidation. I think that destroys any significance respecting the percentages which the Senator has discussed. In other words, with the nonmember banks scattered all over the United States serving agriculture, with agriculture taking its deflation away back in 1920, notwithstanding the depression, the nonmember banks came through the 11-year period with deposits in failed banks that are now in the process of liquidation slightly less than in the case of member banks of the Federal reserve system.

I think that is a test that should be applied in considering whether or not bigness and volume have anything to do with strength in the banking business.

I have pointed out failures under the branch-banking system; and in the case of the branch systems to which I have called attention there were only a few where the branch operated outside of the municipal limits in which the parent bank had its situs.

Now, I desire to call attention to another very significant fact in connection with this question of bigness and in connection with the efficiency in administration of large banking groups.

Advocates here in the Senate of a branch-banking system have contended, or will contend, that branch banking means better administration, more intelligent administration, more efficient administration; that all of that superior intelligence and efficiency is available to the large groups, and, being available to the parent bank, of course, is available to the subordinate unit of those parent banks to a far greater extent than is possible for the small banks. That is the way the argument of the advocates of branch banking runs.

Let us look into this proposition.

I am informed by a responsible officer in a department of our Government that there comes to him the fact that American bankers have made loans to Ivar Kreuger, the Swedish match king, running into the tens of millions of dollars; and these loans were made upon Mr. Kreuger's personal statement, without documentary evidence, exactly as loans were made to Mr. Kreuger by the Swedish banks.

I find in the Washington Star a dispatch from Stockholm of May 9 on the Swedish banking system and the Kreuger crash. I will read that article:

Bitter criticism of the Riksbank (Swedish Central Bank) for the manner in which it granted credits of 146,000,000 crowns (about \$26,280,000 at current exchange) to the late Ivar Kreuger between February, 1931, and March, 1932, is contained in a report of the permanent banking commission of the Riksdag to the Swedish Parliament.

The report reveals that on four occasions the Riksbank saved Kreuger from suspending payments. It is particularly sharp in criticizing the bank chief for acting beyond his authority and for not launching a thorough investigation into Kreuger's financial position when the first giant credit of 74,400,000 crowns (about \$13,392,000) was advanced to him in April, 1931.

"The granting of these credits naturally involved a marked decrease in our country's liquid capital resources and was largely responsible for creating a dear money situation, from which commerce and internal production now suffer," the report states.

"This bleeding of Swedish capital taxed the Riksbank's foreign-exchange reserve; and the Riksbank's failure, after granting the loan last April, to protect its position by an immediate foreign-exchange loan may be regarded as a major factor in forcing our country to leave the gold standard."

The Riksbank's dealings with Kreuger were of large proportions. In February, 1931, Kreuger and the leaders of three Swedish banks approached the Riksbank and requested rediscount facilities to the extent of 32,000,000 crowns (about \$5,760,000), which Kreuger stated were to be used for the Polish monopoly.

The Skandinaviska Kreditaktiebolaget (Scandinavian credit company) subsequently received 20,000,000 crowns (about \$3,600,000) from the Riksbank, which Kreuger said he could have repaid before the year's end but which were never repaid.

These intelligent administrators, these efficient administrators; are looking for profit and when their special interest is profit, that does not make for safe, sound banking.

There is no guaranty in the system that those who control the branch banks will administer the system with care and scrutiny; but, rather, as the evidence points out, they will administer for the purpose of obtaining profits. The branch-banking system offers no special security, as I think I have abundantly proven from the record that has been disclosed here this afternoon.

Mr. President, I have endeavored to point out two very serious objections to the branch-banking provisions of the bill aside from the general objections to branch banking, namely, that under the bill the community, the town, the city, the village—wherever a branch bank is established—will not be able to levy any taxes upon the assets of that bank if the State has an income tax or in any State where intangible property is assessed, except upon the fixtures and the real estate occupied by the bank if it owns such property. Second, that States will never be able to meet through any State law a national system of branch banking; that the State has no constitutional power to authorize and control banking beyond its own borders; that the State which undertook to authorize and control branch banking as a part of its system beyond its own borders would find itself in difficulties; that the States in which State branch banks are established would supersede the control of the States that undertook to promote their organization beyond its boundary.

I think it has been demonstrated that branch banking has been a failure in the United States respecting the question of losses to depositors. When a parent bank fails, it carries down with it all its branches. Branch banking does not assure security to depositors nor does membership in the Federal reserve system give any greater assurance to depositors than the independent banks.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. BLAINE. I yield.

Mr. WALSH of Montana. I understood the Senator, when he began his discussion this morning, to indicate that his contention is that the local communities in which the branch banks are established would be unable to get any revenue by taxing the income of banks, but later I gathered that the position of the Senator is that the State would not have the power to tax the income of the bank at all.

Mr. BLAINE. It is my opinion that under the present Federal law the State can not apply the income tax to the income of a national bank—

Mr. WALSH of Montana. I am surprised.

Mr. BLAINE. Unless it applies the income tax to all the institutions that are in similar business.

Mr. WALSH of Montana. In competition with the bank?

Mr. BLAINE. Yes; and that is practically impossible. We attempted that in Wisconsin and failed. It proved to be practically impossible to impose an income tax upon the incomes of national banks.

Mr. WALSH of Montana. That difficulty, then, apparently exists now as well as it would if the pending bill were enacted into law.

Mr. BLAINE. It exists now, it is true, to a certain extent.

Mr. WALSH of Montana. How would we increase the difficulty?

Mr. BLAINE. To the extent that branch banks, as the bill clearly contemplates, would eventually crowd out the State banks and we would have no banking resources in the community other than the branch banks. However, there is a bill pending that would change the situation to which I have referred, but I doubt very much the possibility of passing that bill.

Under the present law a State that has an income tax finds it quite impossible to assess an income tax against the income of a national bank. The State may assess a tax against the income of stockholders, but in the case of branch banks the stockholders of the parent bank are usually residents of the community where the parent bank is located. Whatever taxes are assessed outside of the taxes on the fixtures and real estate are going to the community where the parent bank is located. The local community will be deprived of that source of revenue.

Mr. LOGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. BLAINE. I yield.

Mr. LOGAN. I understand the Senator to contend that if there should be an assessment against the shares, that the State could not reach the shares because they would be owned by the parent bank. But if the branch banks are confined to the State, and the parent bank must have branches only within the State, then the shares could be reached; could they not?

Mr. BLAINE. Let me answer in this way. Presently a State that assesses intangible property—notes, bonds, mortgages, stocks—can assess the bank stock in the locality wherever the owner of the bank stock resides. That is the rule. Assuming that in a State there is a branch-banking system set up, the parent bank would be in one community—that is, in the larger center. There are no stockholders in the branch bank. There would be no intangible property to tax, and all that could be taxed would be the fixtures and the real estate.

Mr. LOGAN. That would be true with regard to local taxation, but not State taxation.

Mr. BLAINE. Local taxation, after all, constitutes the larger portion of the taxes.

Mr. LOGAN. But is it not generally true that the intangible property is exempt from local taxation and subject only to State taxation?

Mr. BLAINE. That depends on the State. In our State we have adopted the income-tax system and thereby exempted intangibles from taxation. But very few States have adopted the income tax along the line that Wisconsin has adopted it. At any rate, the tax is not levied against a branch bank, in a State that taxes intangibles, upon the intangible property of that bank. It would be levied in the centralized communities, the large cities. That is what I am complaining of. We are going to drive sources of revenue out of the communities throughout the respective States wherever that situation obtains.

Mr. President, I desire to close my remarks by reading a letter which was written to the distinguished Senator from Virginia [Mr. GLASS]. I am not privileged to disclose the authorship of the letter, but the original letter is in the possession of the Senator from Virginia. It is dated May 5, 1932. I want to say that it comes from a man who is deeply

interested in a proper banking system, who has had experience, who has been a leader in the banking organizations of the country and in the banking organizations of my own State. He is not a lobbyist. I doubt if he has written to a single Member of Congress asking support or defeat of the bill, other than this letter, written to the chairman of the subcommittee. The words that he has uttered through the letter are entitled to be recorded as a part of the debate upon the bill because of the broad knowledge and wide experience that the author of the letter has had. Writing to Senator GLASS, he said:

MY DEAR SENATOR: I have refrained from writing you during these weeks of discussion regarding the bill which bears your name, in the hope that many of the provisions which State bankers all over the country feel are too drastically revolutionary and too destructive and unfair would be changed or eliminated before the bill got anywhere near serious consideration by Congress. However, as a State banker (president of an institution recording 85 years of continuous banking existence and having nearly 50 years of banking experience myself), I have studied thoroughly and with great concern the provisions of the various drafts of the Glass bill.

It is unnecessary, I know, to recall to your mind my close connection with, sincere belief in, and work for the Federal reserve system during the war as it pertained to securing memberships from the State banks of the country. That friendship for the system continues to the present. I am entirely in sympathy with any measure that will help the Federal authorities to bring about reasonable control of credit through the Federal reserve system, so that improper and speculative practices may not be permitted. But, as a representative of the American State banker, who is a decided believer in the dual system of banking and in maintaining equalities between the systems in order that there might be fair competition, I can not reconcile that section of the bill which permits branch banking to national banks in States where State banks are prohibited such rights. My belief in the whole question of branch banking is, I know, representative of a large group of State bankers—that is, that branch banking tends to monopoly which is destructive of democratic organization and society. I have been willing, however, to modify my tolerance, though not my belief, on this question to the extent of metropolitan-area-wide and county-area-wide branch banking; but that should be for national banks only in States where the privilege is granted to State banks.

I should like to point out further, though I realize that you yourself are fully aware of it, the fallacy in the argument that bank failures throughout this economic depression could have been decreased or eliminated through the branch banking system. A great many banks have gotten into trouble, and the majority of them have been unit banks, because most of the banks in the United States still are unit banks, and many small unit banks. You will agree, should not have been chartered by either the State or the Federal Government, yet I believe statistics would show that a large proportion of the total deposits affected, and other potentially disastrous situations which have hovered over us, were in institutions presently organized along branch-banking lines.

The devastating unfairness to our State-border banks by the adjoining States' national banks crossing State lines, or to State banks in States where national banks may have branches, though the law does not permit that privilege to State banks, would result practically in the elimination of State banks.

I sincerely believe, dear Senator, that your continuous defense of State rights inherent in our type of government, your sense of fairness, and your belief in the need of preserving our American democracy by fighting everything that tends toward monopoly will induce you to strike from the bill these provisions.

During the delivery of Mr. BLAINE's remarks the following occurred:

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. WHEELER. Contrasting the statement which has just been made by the Senator from Wisconsin with the way the banks are operating with reference to the stockmen and smaller merchants throughout my State, I made the statement on the floor of the Senate here yesterday that the branch banks of Montana were not meeting the needs of the people out there. A representative of the branch banks complains bitterly because of the statements I have made, and I want to call the Senator's attention to the statement, and I would like also to have the attention of the Senator from Connecticut [Mr. WALCOTT].

The VICE PRESIDENT. Will the Senator from Connecticut give his attention?

Mr. WHEELER. I would like to have the attention of the Senator from Connecticut to this, because of the interest he has taken in the Refinance Corporation legislation, in the Glass-Steagall bill, and because of what the Senator

from Connecticut felt that these several measures would do to help the farmers of this country.

I have in my hand a letter from one of the leading citizens of one of the communities in my State. He is not only interested in farming but in stock raising and in merchandising. He says:

SIR: I have just read your speech introducing a bill for relief of farmers. I wish to congratulate you on this truth you have spoken. I am a farmer, and a conservative estimate of my financial standing would be around \$75,000 or possibly \$80,000. I do not owe a cent to anyone. I own 3,560 acres of land, 500 head of sheep, 175 head of cattle. I had occasion to make application to our local banks here last week for a small loan of \$200, and was refused by both banks.

I am not sure that both of those banks are chain banks, but one of them is a chain bank, and I am inclined to think that both of them are.

I am in a fair way (in fact see no other outcome) than that I will lose my entire property from being unable to pay my taxes in future.

This condition does not exist with me individually, but is the universal condition of all farmers and stock raisers in this vicinity. Banks are absolutely inoperative so far as this community is concerned, and charge us a fee for all checks cashed.

We are at our wits' end, and this condition is fast making bolsheviks out of our community.

Notwithstanding the fact that we passed the Reconstruction Finance Corporation bill, notwithstanding the fact that we passed the Glass-Steagall bill, notwithstanding the fact that every single piece of legislation the bankers of the country and the administration have come here asking has been passed, these chain banks—and I make the statement without fear of contradiction—which are now here knocking at the doors, with their lobbyists, asking for this bill, absolutely refuse to make loans.

This correspondent says they will make no loans not only to himself, he being worth \$75,000 or \$80,000, that they not only refuse to make him a loan of \$200, but he says that is not personal with him, that it applies to every person in that community, practically. Yet we talk about chain banks, we talk about branch banks, and are told how much stronger and how much better they will be able to serve the community if we pass this bill and make more branch banks possible when there is a man worth \$75,000 or \$80,000 and who does not owe a 5-cent piece who can not borrow \$200.

Mr. FLETCHER. Mr. President, will the Senator from Wisconsin yield to me?

Mr. BLAINE. I yield.

Mr. FLETCHER. The Senator's constituent ought to get relief from the Federal land bank. I quite agree that the banks have no excuse for not accommodating their customers, none in the world, but the Federal land bank would certainly be able to help that man.

Mr. WHEELER. Let me say to the Senator from Florida that the Federal land banks likewise are not making any loans in that community. The people there can not borrow any money from them. As a matter of fact, speaking of the Federal land bank, I know that in my own State substantial farmers who went out and paid, I think, \$15 to \$25 apiece to have their land appraised by the Farm Land Board, were not able to get loans, notwithstanding the fact that they had ample security. The banks turned them down cold, though they were among the most substantial stockmen and farmers in their localities.

Mr. FLETCHER. Mr. President, we appropriated \$125,000,000 to add to the capital of the Federal land bank for the very purpose of enabling it to extend its operations.

Mr. WHEELER. If the Senator from Wisconsin will permit me further, let me say that the other day the President of the United States criticized the Congress of the United States, and the criticism was carried generally from one end of this country to the other. He criticized the Congress because of the fact, as he intimated, that Congress would not do what he wanted them to do. If there is any criticism to be justly leveled at the Congress of the United States, it is because of the fact that they have followed blindly this administration, and we followed them blindly on both sides of

the aisle. We followed them and passed every single piece of legislation, practically, that the administration wanted, and we have done it blindly.

When they came here and wanted the moratorium passed, Congress passed it for them. When they came here and wanted the \$125,000,000 appropriation, or whatever the amount was, for the Federal land bank, we passed that for them. When they came here and wanted \$2,000,000,000 for a Reconstruction Finance Corporation, and said, "Unless you pass that piece of legislation, all the banks and insurance companies in the country are going to the dogs," we passed it for them. When the administration was here asking for the Glass-Steagall bill, both the Democrats and the Republicans joined and passed it for them. Every single solitary piece of legislation they have asked for they have gotten. Yet the President of the United States had the audacity to criticize the Congress of the United States because of the fact, as he intimated, that they were not going to pass the kind of a tax bill he wanted. The inference was that the administration favored, possibly, the sales tax, although Mr. Mills, in a statement issued, stated that they were not in favor of the sales tax.

If there is any criticism to be made of the Congress of the United States, it is not for not following the President, not for not doing what the President wanted us to do, but we are to be criticized and should be criticized because of the fact that we followed the executive branch of this Government too blindly, that we passed legislation to help the banks, that we passed legislation to help the railroads, that we passed legislation to help everybody excepting the people whom it is necessary to pass legislation for if prosperity is to be brought back to this country.

I apologize to the Senator from Wisconsin for taking so much of his time.

Mr. BLAINE. Mr. President, I did not intend to digress from my discussion of the pending amendment, but I want to say, in connection with what the Senator from Montana has said, that I am not one of those on this side of the aisle who voted for any of the measures to which the Senator refers. I pointed out at the time the Reconstruction Finance Corporation bill was before the Senate that it was simply another method of pyramiding debts, compounding interest, when the agricultural and commercial industries of the country were already burdened with debts which the people never could expect to pay. There is not, nor will there be, sufficient human energy out of which will come payments of something like \$194,000,000,000 of public and private bonds, mortgages, and other debts. So I for one want the Record to show very clearly at this point that I am not responsible for the legislation that has been put through the Congress under the whip and lash of the President of the United States, who said that if those acts were passed, then we would immediately start an upward turn out of the depression.

I understand that even now there is hatching, through some conference committee or through some nonpartisan combination, a scheme to bring forth another batch of proposed legislation, and to drive that legislation through the Congress under the lash and the whip of the administration. The fact is that these proposals do not go to the fundamental difficulties which confront the United States to-day, and until we face the problem in all its realities there is going to be no solution. We can not expect to come out of this depression, with this \$194,000,000,000 of debt, during the lifetime of any Senator here or within the period of the next two generations through the palliatives proposed by the administration.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. GEORGE. I do not want to interrupt the Senator's statement, but I wanted to insert in the Record, either at the conclusion of the Senator's speech or in the body of it, if he has no objection, a statement with reference to the policy pursued by the Federal land banks to which the Senator from Montana referred. I want to read just one sentence, omitting the name of the local association through which, of course, the Federal land bank must make loans:

The association was advised by this bank—

That is to say, the Federal land bank in the district to which reference is made—

The association was advised by this bank that it would not be in position to consider applications for loans through it until such time as all past-due items due it by borrowers through that association had been paid, all past-due taxes on property mortgaged to it by borrowers through that association had been paid by the owners of the property, and—

I direct attention particularly to this:

And purchasers for the real estate acquired by it in connection with the foreclosure of loans made through that association had been found.

In other words, under this rule of the Federal land bank there is hardly an association, certainly not one in the four Southeastern States, which would be able to submit any loan to those banks and have it approved, because the association would not be able to comply with any such rigid and unreasonable requirements.

Not only is that true, but I now read from a letter of a gentleman well known to me, formerly connected with the Federal land bank, in which he uses this language:

The land bank—

Referring to the district, which I will omit—

The land bank will not permit the organization of new associations when they will not allow the old associations to make loans to farmers who would be eligible under the law as it is at present.

They will not permit the organization of new local associations. They will not take an application for a new loan through an existing association until that association has found a purchaser for every piece of foreclosed land which originally passed into the possession of the land bank through the particular association. In a case comparable to the case cited by the Senator from Montana, a farmer with comparable assets and without debt finds himself utterly unable to procure a loan through the Federal land bank.

After the conclusion of Mr. BLAINE's speech,

The VICE PRESIDENT. The pending question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] as modified.

Mr. VANDENBERG. Mr. President, I want to make for the Record a brief explanation of the pending amendment, inasmuch as it is the amendment which I have offered.

If we are to have branch banking at all, I submit that there should be a self-serving restriction such as this amendment carries. The amendment speaks for itself when read, and I now quote it. It is proposed to insert, on page 45, line 8, after the period, the following:

Except in a city, town, or village where there is no national or State bank regularly transacting customary banking business, no such association shall establish a branch except by taking over an existing unit bank or an affiliate of such association.

This amendment, Mr. President, supplements my colloquy of a few days ago with the distinguished junior Senator from Virginia [Mr. GLASS], who has reported the bill on behalf of the committee. It is intended to foreclose branch banking, if permitted under the terms of the bill, from the possible chance to make competitive raids upon community banking. In other words, it is a protective delimitation upon the expansion of branch banking and central banking in competition with community or unit banking in the event that the former be licensed in the national system.

Undoubtedly, Mr. President, the amendment is in entire harmony with the theory of the bill itself, because the bill as submitted provides in subsection (c) of section 19, on page 44:

A national banking association may, with the approval of the Federal Reserve Board, establish and operate new branches—

And so forth.

I emphasize the fact that no single branch could be established under this authority except by the approval of the Federal Reserve Board. What would the Federal Reserve Board want to know if it were being solicited for permission to establish one of these branches? The Senator

from Virginia himself answered that question the other day. It would certainly want to know, chiefly, whether existing banking facilities in the particular community were adequate. If the Federal Reserve Board found that existing facilities were adequate, it is to be presumed that any application for a branch banking permit would be denied. No other rule could justify itself.

This amendment, then, simply intends to translate and warrant this practice in the law. It is, in other words, to make it certain that in any community where adequate national or State banking now exists on an independent basis there can not be a competitive and destructive invasion by branch banking under the authority proposed by this bill.

Mr. President, speaking very frankly, I find myself in great sympathy with the fundamental philosophy submitted by the junior Senator from Wisconsin [Mr. BLAINE] in respect to this whole subject. I have been one of those, and still am, who feel that the preservation of decentralized community life is absolutely essential to the preservation of the traditional American community character. I feel, furthermore, that decentralized community life is impossible without a practical degree of decentralized commercial and banking independence. Therefore, I have always felt that a general system of branch banking held within it a substantial degree of menace to the fundamental and traditional philosophy which is responsible for the essential American community character.

But we confront a condition and not a theory to-day, and, even in defense of decentralized community life, situations readily may arise in which limited branch banking might be the only community salvation. Certainly it would not protect decentralized community welfare, Mr. President, to close the door on a banking facility which might prove to be the community's only way of saving the solvency of its banking resources. Branch banking might be this sole available facility. Neither does it protect decentralized community welfare by closing the door on a banking facility which may be the only such facility available after all other banking facilities have failed or been withdrawn. Indeed, it might well be argued that under certain circumstances a recourse to limited branch banking may well prove to be means of keeping alive many a decentralized community which otherwise might disintegrate through its very inability to secure any banking facilities whatsoever. It is only in line with that philosophy, Mr. President, that I have been able to bring myself into harmony with the theory that under existing circumstances limited branch-banking permission might well be authorized in the United States. Indeed, I am persuaded that it has come to be necessary to provide this limited recourse under proper protective restrictions. It is the creation of one more optional emergency reliance for the benefit of communities and bank depositors and bank borrowers. I believe my amendment adequately protects the option against exploitation.

Mr. BULKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Ohio?

Mr. VANDENBERG. I yield.

Mr. BULKLEY. I rise to say, as a member of the subcommittee, that the statement of the Senator from Michigan is entirely in harmony with the views of the subcommittee. His amendment, as he has said, would in practice probably work out just about the same as the committee thought section 19 of the bill would work out under the administration of the Federal Reserve Board; but, in view of the fact that many small-town bankers are very much afraid that they would be injured by potential competition in the form of branch banks, it would undoubtedly be well to adopt the amendment offered by the Senator from Michigan and thus give them statutory assurance that such competition could not be made possible by the provisions of this bill. I sincerely hope the amendment of the Senator from Michigan may be adopted.

I may add, too, that I am authorized to say that the Senator from Virginia is in accord with the view I have expressed.

Mr. VANDENBERG. Mr. President, I thank the able Senator for his observation, and with it I am entirely content to submit the amendment to a vote of the Senate. I conclude simply by saying that it seems to me the amendment forecloses at least 75 per cent of any conjured hazard with which it might otherwise be implemented; and while it still leaves the full opportunity for recourse to branch banking in emergent situations which might perhaps be treated in no other way, yet it creates that statutory protection, as the Senator from Ohio has indicated, which is necessary by way of reassurance against the use of this intended emergency privilege as a means to a competitive raid upon the independent community-banking resources of the State and national systems of the country. I submit the amendment to the Senate on the basis indicated. I shall subsequently support other amendments to this section of the bill.

Mr. LONG obtained the floor.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. LONG. Yes, sir.

Mr. GEORGE. I suggest the absence of a quorum, Mr. President.

The VICE PRESIDENT. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. Yes, sir; I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Fletcher	Kendrick	Sheppard
Barkley	Frazier	Keyes	Shipstead
Blaine	George	King	Shortridge
Borah	Glass	La Follette	Steiner
Bulkeley	Glenn	Logan	Stephens
Bulow	Goldsborough	Long	Thomas, Idaho
Carey	Gore	McGill	Thomas, Okla.
Cohen	Hale	McNary	Townsend
Connally	Hastings	Metcalf	Trammell
Coolidge	Hatfield	Moses	Vandenberg
Copeland	Hawes	Nye	Wagner
Costigan	Hebert	Oddie	Walcott
Couzens	Howell	Patterson	Walsh, Mass.
Dale	Hull	Pittman	Walsh, Mont.
Dill	Johnson	Robinson, Ind.	Watson
Fess	Kean	Schall	Wheeler

Mr. FESS. I desire to announce that the Senator from Washington [Mr. JONES], the Senator from Connecticut [Mr. BINGHAM], the Senator from Iowa [Mr. DICKINSON], the Senator from South Carolina [Mr. BYRNES], the Senator from Tennessee [Mr. McKELLAR], and the Senator from New Mexico [Mr. BRATTON] are attending a meeting of the Committee on Appropriations; and that the Senator from Kansas [Mr. CAPPER] and the Senator from Alabama [Mr. BANKHEAD] are attending a meeting of the Committee on Post Offices and Post Roads.

Mr. LA FOLLETTE. I have been requested to announce that the junior Senator from New Mexico [Mr. CUTTING] is detained on official business at a meeting of the subcommittee of the Committee on Manufactures.

The VICE PRESIDENT. Sixty-four Senators have answered to their names. A quorum is present.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. The Senator from Louisiana [Mr. LONG] has the floor. Does he yield to the Senator from Virginia?

Mr. LONG. Yes; I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I should like to develop, if I may, whether there are other Senators, and if so, how many, who desire to speak on this bill, in order that I may attempt to get an agreement to vote.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I do.

Mr. WALSH of Montana. The Senator from Virginia stated on yesterday his purpose to address himself to the particular features of the bill. I dare say that when he does so that will give rise to some considerable discussion. I am particularly interested myself in the provision for the liquidation corporation. I am astonished to find that there is a provision there that the Government must contribute

\$125,000,000 to the capital stock of that corporation, apparently not in the form of a loan, but a contribution out of the Treasury. It seemed to me a rather startling thing, and I should like to have some rather detailed explanation of that feature of the bill.

Mr. GLASS, Mr. ROBINSON of Indiana, and other Senators addressed the Chair.

Mr. LONG. Mr. President, I do not want to yield for a general discussion. I understood that I had the floor, and I yielded to the Senator from Virginia.

Mr. GLASS. I just wanted to respond to the inquiry of the Senator from Montana.

The VICE PRESIDENT. The Senator from Virginia wishes to ascertain whether other Senators desire to speak. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. Yes, sir; that is all.

Mr. ROBINSON of Indiana. Mr. President, in that connection I wish to give notice that while I do not expect to make any extended speech, I do desire to enter my objection against section 19 of the bill, and probably to consume not over 5 or 10 minutes in discussing it. That is as much time as I shall desire to speak.

Mr. METCALF. Mr. President, I have some four or five amendments that I believe would improve the bill, and it will take me some little time to explain them.

Mr. WHEELER. Mr. President, I expect to speak on the bill for probably half an hour.

Mr. GLASS. Mr. President—

Mr. LONG. It becomes rather evident that this matter is not going to be settled very easily; so I am going to suggest to the Senator from Virginia that he pursue it no further.

Mr. GLASS. I will not pursue it further than to say, in response to what the Senator from Montana [Mr. WALSH] has said, that I have no desire to make any further extended remarks on the bill; but as each provision shall be reached I shall very willingly expound it from the point of view of the committee.

Then I desire to say, with the permission of the Senator from Louisiana, that if there is going to be further prolonged discussion of the bill I certainly want to know it. I do not want to waste the time of the Senate, or my time, or the little physical force that I have left, in a futile way.

It has been suggested that after this afternoon this bill may be supplanted by the tax bill. If that is going to be done, I want to know it. Can the senior Senator from Indiana give me any information bearing upon that point?

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. Yes, sir; I yield.

Mr. WATSON. Because of the overwhelming importance of the tax legislation, for which not only Congress but the whole country is waiting, it was thought desirable that the Senator from Virginia should be conceded this day without question for the consideration of the measure which is now pending in the Senate.

I will say to my friend, because he knows that I am in favor of the bill, that it has developed, I think, on both sides of the Senate that there will be prolonged discussion of his measure. There was no desire to supplant the Senator's bill to-day, first, because of its importance—and it is an important measure, as everyone concedes—and secondly, because of the Senator's very great personal interest in it; and we all bow to his wisdom on this subject.

It has developed, however, that there will be prolonged discussion on the question. I know of a number of Senators who intend to speak besides those who have served notice to-day that they want to discuss this matter.

The Senator from Rhode Island has just served notice that he has a number of amendments he desires to present and to discuss. The Senator from Virginia will not lose any time, in my judgment, by yielding to the taxation proposition to-morrow; and if he would consult me about it, I would advise him to do that.

Mr. GLASS. I would like to ask the Senator something as to the nature of the proceeding. Would it be proposed to lay the pending bill aside temporarily for the tax bill, and at the conclusion of the consideration of the tax bill to take up the pending bill again?

Mr. WATSON. That is my understanding, that the pending bill would be temporarily laid aside, in order that we might take up the tax bill, the consideration of the pending bill to be resumed at the conclusion of the consideration of the tax bill. Of course, if the Senator should afterwards yield for the consideration of other pressing measures, that would be a different proposition, but so far as is now disclosed, the tax bill is the only measure of overwhelming importance before the country and before the Senate, and I would advise the Senator from Virginia that he accede to the proposition to lay the pending bill aside temporarily for the consideration of the tax bill.

Mr. GLASS. I am never in the habit of going up against a buzz saw. [Laughter.]

Mr. WATSON. I know the Senator is in that frame of mind, because we have discussed the matter privately and personally, and he is in a very fine frame of mind about it, I am happy to say.

I want to be entirely confidential with the Senate, and say, in the first place, because of our admiration for the Senator from Virginia and the marvelous work he has done in connection with the pending measure, that nobody desired to supplant his bill even to-day with the tax bill. Then there was the further fact that the senior Senator from Mississippi [Mr. HARRISON], who is the ranking minority member on the Finance Committee, was unable to be present to-day because of an affliction but expects to be present to-morrow, when it would be entirely appropriate to take up the tax bill for consideration.

Now, if the Senator from Louisiana will yield just a moment longer—

Mr. LONG. I yield.

Mr. WATSON. I want to say one more thing while I have the floor. Every day a number of Senators are asking me, as they are asking other Senators and talking among themselves, as to whether or not it will be possible for us to adjourn this session of the Congress on the 10th of June. It seems that there is an overwhelming desire to adjourn at that time; but, Senators, that can not be done unless Senators are willing to "buck up" to it and make the sacrifice that is essential in order to accomplish that purpose. In other words, beginning with the consideration of the tax bill, or at least on Monday night—every Senator having notice served on him in time—we should begin to hold night sessions. The Senate should be in continuous session from 12 o'clock noon until 10 o'clock at night for the purpose of considering the tax bill. If we follow that course, we may be able to get through by the 10th of June. If we do not follow that course, we shall not be able to adjourn by that date.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. WATSON. I yield, with the permission of the Senator from Louisiana.

Mr. WHEELER. Does the Senator include in the program to be voted on at this session of Congress legislation for the relief of the unemployed and likewise legislation to help the farmers in the deplorable situation in which they are?

Mr. WATSON. I am not able to say about farm relief, I may say to my friend from Montana, but as to unemployment relief I am sure that provision will be made for its ample consideration.

Mr. WHEELER. Let me say to the Senator that I do not feel that we ought to adjourn this session of the Congress and go home until something is done to assist in the refinancing of the farmers of this country in some way. I have called attention to it on the floor of the Senate, and the Committee on Agriculture and Forestry is considering legislation along that line. There is such a deplorable situation that something should be done before the session ends.

We have passed reconstruction bills to help all kinds of industry, but the biggest industry of the country nothing has been done to help refinance, and I think something should be done.

Mr. WATSON. Mr. President, I have no desire now to outline the program of future action of the Senate, because that is up to the Senate itself, but I do know that as to the tax bill, and as to the unemployment situation, and as to the question of the reduction of public expenditures, on which a subcommittee is now working, ample time must be given for the consideration of these questions. I personally know that no Senator desires that the session shall adjourn before the really worth-while measures have been provided for and taken care of. Of course, everybody believes that.

We have passed, and there has been signed, but one appropriation bill. Ten others are yet pending and, of course, they must be passed, because everyone recognizes the absolute necessity of passing all the appropriation bills before the end of the fiscal year; else we shall be compelled to pass continuing resolutions to provide for the activities of the Government not appropriated for, or the Government will be compelled to suspend such operations. So, that in view of all these things, it is a question of the vigilance and the diligence of the Senate as to whether or not we shall be able to adjourn on or before the 10th of June.

I thank the Senator from Louisiana for yielding.

THE MISSING STARS

Mr. LONG. Mr. President, I do not know how much of the cartoon I hold in my hand can be carried in the CONGRESSIONAL RECORD, but I send to the desk a clipping taken from the Chicago Tribune to be printed with my remarks.

The VICE PRESIDENT. The picture could not be printed without an order from the Joint Committee on Printing.

Mr. LONG. I will ask, then, that it be held over for the time being. If the picture can not be printed, probably it would better be returned to me, so I can present it to the Joint Committee on Printing.

Mr. President, this is a sample of considerable publicity going on throughout the United States at this time, and which has been going on for several days, which is styled "The Real Issue in Washington," by the Chicago Tribune of Patriotism versus Communism, with the distinguished senior Senator from Arkansas [Mr. ROBINSON] caricatured to represent the high and lofty ideals of "patriotism," and picturing me as representing the communistic idea of government in the United States, carrying a red flag.

The picture does not do justice to the leader on this side of the Chamber, and I am going to ask leave of the Chair to supplement it. I will now state that before rising this afternoon I called the office of the senior Senator from Arkansas, as I have done several times throughout the day, and my friend the senior Senator from Georgia [Mr. GEORGE] called for a quorum, and I have again asked that the presence of the Senator from Arkansas be secured, but I regret that he is not here, as he was not the other day. However, I do not feel that, in justice to myself, I should withhold further some answer to this propaganda.

The flag under which the Senator from Arkansas is pictured by the Chicago Tribune has only the stripes, the white and the red. Under it in his hand is a placard containing the words "Jos. T. ROBINSON, Democratic leader of the Senate."

The flag which I am supposed to be holding under this inscription or designation is a genuinely colored red flag only, with a placard on my supposed-to-be breast reading, "HUEY LONG, new Senate radical."

In this cartoon, underneath, on the ground, we find tablets or inscriptions, one labeled "Confiscate Property," another labeled "Raise Taxes," another labeled "Soak the Rich," and another labeled "Soviet Doctrines."

I will not undertake to dispute the designation given to me, but I do wish to complete the designation of the Senator from Arkansas. The flag under which he stands, as I said, contains merely the stripes, and to have done the leader of this side of the Chamber justice, he was entitled to a flag

with 48 stars, and those stars are omitted. He was entitled to the stars denoting his achievements, stars denoting his work, stars denoting his study, stars denoting his affiliations.

AN UNACCEPTABLE LEADERSHIP

I find, Mr. President, that the Senator in a public advertisement of himself has provided 43 stars for this flag, leaving only 5 to be supplied, and I have ransacked such modern and ancient volumes of American public life as I could to supply the remaining 5 stars not contained here.

The 43 stars which might well be placed at the masthead of this flag can be gleaned from the advertisement of the law firm of Robinson, House & Moses, wherein we find, as I offered it in the Senate, that if I accept any leadership on this side of the Chamber I will accept the leadership of an attorney for the firm of Henry L. Doherty & Co.; that if I accept any leadership on this side of the Chamber, I will accept an attorney of the Texas Co., a branch of the Standard Oil Co.; that if I accept any leadership on this side of the Chamber, I will accept an attorney of the Power Trust, designated by a number of varied and well-known branches in this country; that if I accept any leadership on this side of the Chamber and seek committees from the leader on this side of the Senate, I will make my petition to an attorney of the chain-store system of the United States, as is represented in his public advertisement; that if I recognize that leadership as my party leadership and make my solicitations and carry my coals to Newcastle, I will petition and humbly submit to the attorney of the life-insurance concerns of this country, of the chain banks, to every chain interest, to every chain-investment interest, to every Oil Trust interest, to every nefarious interest known to this country to-day, as represented by the published advertisement of the distinguished Senator from the State of Arkansas.

It may, Mr. President, be communism for me not to accept that as being a proper sphere and location for my activities. But, I did not do it in the little State of Louisiana, from which I hail. I did not do it in the parish of Winn, of the State of Louisiana, when I lived there; and, as large as the United States Senate may be, it is not yet big enough that I have, by humble petition, to beg favors of the chain-store attorneys who sit in the United States Senate, and of the power-trust attorneys who sit in the United States Senate, and the investment-trust attorneys who sit in the United States Senate, despite whatever recognition they are given by the party of which I am still, and will remain, I hope, a member, and out of which I do not think I can be read by the metropolitan press.

TO BE FOR THE PEOPLE IS NOT TO BE READ OUT OF THE DEMOCRATIC PARTY

The only way they can read me out of the Democratic Party is to beat me down in the State of Louisiana in the Democratic Party, and that has been tried one or two times and can be tried again whenever they see fit. We will have another trial about it before very long down in that section of the country, I hope. So that if the metropolitan press issue, as tendered here by cartoons similar to that appearing in the Chicago Tribune is to be an index, they will have a court before which they can make their plea.

Everybody has not been deceived by this.

But I must complete the flag. There are only 43 stars in the flag, and I ask again that there be incorporated as part of my remarks the extract from the Martindale Legal Directory of 1930, which I submitted before, so that I may complete the 43 stars.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Extract from Martindale's Directory, 1930]

Robinson, House & Moses: J. T. R., '72 '94 a v 1 g U. S. Sen.; J. W. H., Jr., '86 '11 a v 1 g; C. H. M., '87 '10 a v 1 g.
Associates: Harry E. Meek; W. H. Holmes; J. F. McClerkin; Raymond Roddy; Frank Bird.

Attorneys for: Arkansas Power & Light Co.; Louisiana Power & Light Co.; Mississippi Power & Light Co.; Southern Power & Light Co.; Southern Ice & Utilities Co.; Little Rock Gas & Fuel Co.;

Southwest Dairies Products Co.; Southwest Ice & Cold Storage Co.; Southwest Joint Stock Land Bank; Pioneer Reserve Life Insurance Co.; Southwest Telephone; Grayson, Nashville & Ashdown Railway; Louisiana & Arkansas Railway Co.; Hollenberg Music Co.; Arkansas Portland Cement Co.; Terminal Warehouse Co.; The Texas Co.; Twin City Bank; Guaranty Savings & Loan Co.; The Gus Blass Co.; Kempner Realty Co.; American Building & Loan Association; Boyle-Parrell Land Co.; Cox Cash Stores Co.; Equitable Surety Co.; Associated Employers Liability Co.; Columbian Mutual Life; Southern Surety Co.; Marion Hotel; Lafayette Hotel; Capital Hotel; Merchants Transfer & Storage Co.; Arkansas Transfer Co.; Union Bond & Mortgage Co.; Southern Securities Co.; Southern Mutual Savings Co.; Southern Investors (Inc.); Smith Arkansas Traveller Co.; City Delivery Co.; H. L. Doherty & Co.; Charles E. Gibson & Sons (Inc.); American Surety Co.; Ocean Insurance Co.

Mr. LONG. Mr. President, there are five more stars belonging to the Senator from Arkansas. I read in the paper to-day, and I read yesterday, that the Democratic Party, seeking through Mr. Bernard M. Baruch, correlated with other Democrats, including the Senator from Arkansas, have certain designs in mind.

The Hon. Bernard Baruch has now and again ventured forth as the shining torch-bearing satellite of Democracy, with certain advocacies to be espoused here in the United States Senate through the leadership of the Senator from Arkansas.

THE TWIN-BED MATES

Who is this Barney Baruch? You can not feed him to the Democratic Party, because we will not have him, nor can the leader of the Democratic Party in this Senate accept him for the Democratic Party of the Nation. He is the right-hand, twin-bed mate of Hooverism in this country. [Laughter.] Everything that Hoover represents is represented by Baruch. He is supposed to have been engaged in the banking business in New York City. Maybe he was. It was not exactly a banking business, but some kind of a stock-market and bucket-shop operation carried on up in that country, legitimate under the law. He never was in any bank that I could find out anything about in modern days. But to Barney Baruch was sent one Eugene Meyer. Eugene Meyer and Baruch operated a certain investment stock-marketing racketeering enterprise up in New York City [laughter]. One of them is supposed to be in control of the financial side of the Democratic Party, the other of them is supposed to be in partnership and in charge of the financial side of the Republican Party. Mr. Eugene Meyer, Mr. Barney Baruch's partner, has been by Mr. Herbert Hoover made the president or chairman of the board of governors of the Federal reserve system of the United States and is to-day the chairman of the Reconstruction Finance Corporation.

HOOVER'S TWO FOGHORNS

Here one day we hear something is coming from Hoover and the next day something is coming from ROBINSON; one day something is coming from Baruch and the next day something is coming from Meyer, one over here and one over there, and any kind of an analysis will convince any person who makes any study whatever that as we sit here in the United States Senate with Hooverism spouting through the two foghorns, Baruch on the one hand and Meyer on the other, ROBINSON on the left and somebody else on the right, it is like the old patent-medicine salesman who came through my country selling two brands of patent medicine. One of them he called "high pop-a-lorum" and the other he called "low pop-a-hirum." That is the only difference that can be found in what is coming out now from the leadership on the Democratic side here under the distinguished senior Senator from Arkansas, akin in brand, akin in kind, alike in purpose and intent and in results—the same as Hoover has proposed and does propose, the same as is proposed by the wise in the realms of high finance. The only difference is the name, and they are actually erasing or consolidating the names to where now it comes from but one realm.

THE FORTY-FOURTH STAR

So that other star, the forty-fourth star in the diadem—for the Senator from Arkansas should have, "Bring forth

the royal diadem, and crown him lord of all"—the forty-fourth star in the diadem of the distinguished Senator from Arkansas that should be depicted on the engraving of the celebrated metropolitan press would be his partnership in the present conditions with Herbert Hoover and what Hooverism represents and calls for in this country.

To that flag add another star—"starvation for the masses"—and give him the forty-fifth star. For the forty-sixth star add "pestilence to the country," and then for the next two stars let "misery" and "unemployment" for this country fill out the forty-seventh and forty-eighth stars to the flag that has only stripes; otherwise, if we leave only the stripes, it might be insinuated that the leader on this side of the Chamber—an insinuation not justified—was like unto the zebra in talent rather than representing entire patriotic groups.

But this is not entirely leaving the people beguiled in the United States. The people are not so fooled about this thing as the press may think. I say to my colleagues in the Senate the rabble and humdrum and thumping that may be heard in the newspapers are not appealing to the people of the United States and they are not appealing to the people of the State of Arkansas. I hold in my hand a little message sent out by the Associated Press from Little Rock, Ark. I knew nothing of it until I happened to run across the clipping. It was not in any of the papers of Washington that I saw.

It seems that on the 2d day of May, in Little Rock, Ark., a mass meeting was held. I have forgotten what time it was I spoke when the senior Senator from Arkansas [Mr. ROBINSON] responded. Yes; I remember now that it was on the 29th of April. But on the 2d day of May there was a political mass meeting held in Little Rock, Ark., and I have the report given in the Associated Press about that mass meeting. A resolution was adopted in the home town of the senior Senator from Arkansas, the leader on this side of the Chamber. If the Senate will pardon my seeming immodesty in reading this resolution, I want to read it to the Senate.

TO HUEY P. LONG:

We, as citizens of Arkansas, assembled in a mass meeting at the city park, Little Rock, wish to commend you for your attacks on the Republican Senator from Arkansas, JOSEPH T. ROBINSON. Yoke ROBINSON and Hoover together and let them go down Salt Creek to political oblivion and you will rid the Nation of two of its greatest menaces. Keep the good fight up.

It was adopted, so the Associated Press said, with one dissenting vote.

In the city of Chicago, the home of the Chicago Tribune, there has not been any such unanimity for the Tribune as might have been expected. I send to the desk and ask to have printed at the conclusion of my remarks a resolution unanimously adopted by the Chicago Federation of Labor showing that so far as we are being told there is no particular unanimity or feeling anywhere except it be that the people realize that in the tax bill now before the Senate something should be done to cut down the swollen fortunes of the country.

The VICE PRESIDENT. Is there objection to the printing of the resolution? The Chair hears none, and it is so ordered.

(See Exhibit A.)

REDUCE SWOLLEN FORTUNES

Mr. LONG. Mr. President, what have I advocated on this side of the Senate? What have I said that could be expected to by anyone? My resignation from committees, I think, was such an act as would have been done by any man on either side of the Chamber. I asked the leader on this side of the Chamber for certain committee assignments, and he gave me those assignments as I had requested them.

The time came when, from what I saw and from what I heard, I could no longer go along and recognize him as my leader, and the only honorable thing which I could do was to tender back the assignments I had requested, such as has been done in my political lifetime by many men whom

I have similarly honored and who found they did not care to go along farther in an organization of which I was the head.

I advocated nothing which I did not think could have been accepted by the Senator from Arkansas. He said, however, that it was so contrary to his purpose, so contrary to his understanding of propriety that he could not allow the tax bill to be used for the purpose of limiting the fortunes of this country; that at any time the Democratic Party ever championed any such thing as that they would have a new leader. He has fallen into the category against which we were warned by a publication in this country in 1921. I want to read from an editorial appearing in the Saturday Evening Post on October 2, 1921, about six or seven lines. The title of this editorial is "Lost Leaders." I skip two or three paragraphs and I read the following:

There is a real pathos about a certain class of politicians to be found in every world capital. These are the men who are almost great but who have definitely missed greatness by a gap that is narrow, yet unbridgeable. They are public servants of marked and acknowledged ability. * * *

In public life, as in the professions, the men most to be pitied are those second-raters whose inborn talents would have made them first-raters if they could have mustered a little more courage, a little sterner devotion to principle, a sense of duty a little higher; if they could have lost their heads at the right time and refused to play it safe; if, in short, they could have brought themselves to pay the price that the truest success exacts even of genius itself.

WILL NOT BE RUN OUT

The great trouble, as pointed out by this article, in this Senate and in every other legislative body in the country in America to-day and probably in all the foreign countries, is that the humdrum and the claptrap, the power of the press, have been so elusive and so evasive in stating rightly the real purposes and needs of the American people, that a corn-cob and a lightning bug will run the ordinary man out. I do not propose to be run out by this corn-cob and lightning bug display that is made in defense of the Senator from Arkansas at this time. I have not advocated anything, Mr. President, that is not advocated by practically everybody else either in private or in public. I have not said anything that is not necessary for this country. I see the tax bill has been reported. We read in the public press that the President of the United States rebuked the committee and ordered them to come on in with the bill. We read in the public press that one day the surtaxes were raised up to 55 per cent, but that the next day the distinguished Secretary of the Treasury, Mr. Ogden L. Mills, recommended that they be cut down to 45 per cent; and accordingly the surtaxes, as I understand from the public press, though I have not had the time as yet to read the draft of the bill itself, were finally cut down to 45 per cent instead of 55 per cent to benefit wealth.

I had proposed a resolution which still lies here, on which there has never been a vote. I had proposed a resolution, coupled with amendments which I had offered to the tax bill, by which the fortune of every living man that could be inherited by any one child should not exceed \$5,000,000; that no man could grant an inheritance to one child in excess of \$5,000,000—not that he could not transmit more money than \$5,000,000, but that no one person could inherit more than \$5,000,000 exclusive of taxes. That was the amendment that I sought by the resolution to have sent as an instruction to the Finance Committee—that as to an inheritance no one person could inherit more than \$5,000,000.

The distinguished Senator from Arkansas [Mr. ROBINSON] said that was confiscation of property, but in the next breath he said that it was not confiscation of property, but that it was a matter of inheritance which could either be withheld or which could be granted by the State—evidently showing that in his own mind he had sufficient legal training out of which he could find that this was not a confiscation but a mere regulation of the right of descent and inheritance to impose by law.

I next proposed that no one man should have an income in excess of \$1,000,000 a year; that that only meant that the annual income of no man should be more than \$1,000,000 a

year; and that has been advertised as a highly socialistic proposition, a terribly communistic proposal. It must be so in the mind of the Senator from Arkansas.

EVIL INFLUENCES

Talleyrand tells us that it is difficult for one to see the evil of the way by which he profits. The Bible tells us that wherever a man's treasure is there is his heart also, and I say to the Senators on this side of the Chamber that when a man comes into the United States Senate without enough clients as a lawyer to make a corporal's guard and winds up representing every big corporate interest in this country—if that does not mean something, what does? Why do they not hire me? I have tried lawsuits in Arkansas, and have never lost one there in my lifetime. I am not asking for law business, but I should like to have something like that attached to my name, if I could. Why do they not hire some one else? Why is it that this monstrous practice has grown around this man since he is supposed to be representing the common people's interests in this country? Is he going to sit here and tell the people back home that this thing is an accident? How many of them are going to believe it? Why is it, except that he be the leader of the Democratic Party in the United States Senate? He has no clients, but when he becomes the leader of the people's party in the United States Senate he represents every nefarious corporate interest on the living face of the globe. You do not have to eat a whole beef to tell that it is tainted. Where do the clients come from?

Men sit around here in the United States Senate and in Congress and try to tell somebody, "Oh, no, the mere fact that this man represents the Standard Oil Co. or rather the Texas Co., which is a cowering ally of the Standard Oil Co., that will not affect his vote in the United States Senate; oh, no. The mere fact that as a lawyer he represents the chain-store companies, that will not affect him in the United States Senate; oh, no; not a bit."

Mr. REED. Mr. President, I make the point of order that the Senator is violating Rule XIX of the Senate.

The VICE PRESIDENT. The Senator from Louisiana will take his seat.

Mr. LONG resumed his seat.

The VICE PRESIDENT. It is now in order to make a motion that the Senator from Louisiana be allowed to proceed in order if any Senator desires to make that motion.

Mr. LONG. Mr. President—

The VICE PRESIDENT. The Senator himself can not make that motion. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] to the pending bank bill.

Mr. BLAINE. Mr. President, I can not sit idly by and see a Senator compelled to remain in his seat, no matter what my own individual opinion may be respecting his attitude or his beliefs. Therefore I move that the Senator from Louisiana be permitted to proceed.

The VICE PRESIDENT. In order?

Mr. BLAINE. In order.

The VICE PRESIDENT. The question is on the motion of the Senator from Wisconsin.

Mr. WALSH of Montana. I ask for the yeas and nays.

The VICE PRESIDENT. The Senator from Montana asks for the yeas and nays.

Mr. WATSON. Mr. President, I should like to ask what is the motion?

The VICE PRESIDENT. The motion is that the Senator from Louisiana be permitted to proceed in order.

Mr. WATSON. In order. I wanted to have the motion understood.

The VICE PRESIDENT. Is there a second to the demand for the yeas and nays?

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TRAMMELL. The motion means that, if agreed to, the Senator will be permitted to continue his address if he confines himself to the rules of the Senate?

The VICE PRESIDENT. Yes; if he confines himself to the rules of the Senate.

Mr. TRAMMELL. And does not breach the parliamentary rules with regard to statements relative to another Senator?

The VICE PRESIDENT. That is correct.

Mr. DILL. Mr. President, I should like to know just wherein the Senator did violate the rule and what rule was violated. I was not paying close attention to what the Senator said, but I should like to know what we are voting on.

The VICE PRESIDENT. The Secretary will read paragraph 2 of Rule XIX.

The legislative clerk read paragraph 2 of Rule XIX, as follows:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The VICE PRESIDENT. The Senator from Montana demands the yeas and nays on the motion that the Senator from Louisiana may be permitted to proceed in order. Is the demand seconded?

The yeas and nays were not ordered, and the motion was agreed to.

Mr. LONG. Mr. President, that I may not contravene the rule of the Senate again, as the Chair sees it, I should like to have read the particular statement to which the Senator from Pennsylvania excepts. Being new in the body, I naturally want to comply with the rules and I want to find out what it is to which exception is taken. I should like to have that portion of what I said read, if the Senator does not mind.

The VICE PRESIDENT. The reporter will read the statement made by the Senator from Louisiana.

The Official Reporter (James W. Murphy) read as follows:

Men sit around here in the United States Senate and in Congress and try to tell somebody, "Oh, no; the mere fact that this man represents the Standard Oil Co. or, rather, the Texas Co., which is a cowering ally of the Standard Oil Co., that will not affect his vote in the United States Senate; oh, no. The mere fact that as a lawyer he represents the chain-store companies, that will not affect him in the United States Senate; oh, no; not a bit."

Mr. LONG. Mr. President, I am undertaking to find out from the Senator from Pennsylvania just what he excepts to, because I do not want to make the mistake again.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. REED. It seems to me that the Senator's remarks were capable of no interpretation but that the Senator from Arkansas [Mr. ROBINSON] would be influenced in his vote by the fact that his firm had been retained by the companies the Senator mentioned.

Mr. LONG. I said, "Oh, no." [Laughter in the galleries.]

The VICE PRESIDENT. There must be no demonstration of any kind in the galleries.

Mr. REED. The Senator's words and the Senator's manner combined clearly reflected upon the motives and the integrity of the Senator from Arkansas.

CORPORATE AFFILIATIONS SHOULD NOT INFLUENCE VOTES

Mr. LONG. Mr. President, I think it is due me that I say further that the language does not import that. Not the sound of the voice, but if the words themselves would carry that impression, I certainly would say that it would probably be a violation of the essence of the rules of the Senate; but, on the contrary, I was undertaking to say, and I thought I had said, and it is due me, I think, and due the Senator from Pennsylvania that I should say that if every interest affected by this surtax amendment might be represented by the distinguished Senator from Arkansas it should not and would not influence his vote; and the Democratic Party, for which I am a spokesman—and that right can not be taken from me, because I am going to speak for it—is not influenced by the fact that its leader in the Senate represents the Oil Trust and the Banking Trust and the Tobacco Trust and the Chain Store Trust, including the Power Trust. I think I have made myself clear.

Branching, however, from that subject, feeling that I have explained it, Talleyrand says it is difficult for a man to see

the evil of the way by which he profits. That is what Talleyrand says. So I warn myself—if there are to be any motives to be impugned I impugn my own—that I should be careful in whatsoever I accept so that I, with a conscience frail, with a mentality subnormal, with a physique which can not resist, may preserve myself as national committeeman of the Democratic Party against unfortunate associations and always and at all times understand that my weaknesses are not weaknesses of my fellow men, including men sitting in the United States Senate.

THE BLACK SUNRISE

I have not undertaken to persecute the rich, but, on the contrary, I have sought to favor them. Their policy is to load the top until the bottom caves in. They are the everyday working partners of communism; they are leaving to the American people to-day only one of two choices—distress and impoverishment on the one hand or overloaded plutocracy on the other. They are powerful with their wealth, and I believe their wealth means their peril. There is a black sunrise awaiting that situation. I am not the only one who sees it in that way. Here is a book just out called "The Epic of America," written by an author whom I have never seen. I want to read you a quotation found in that book from the Wall Street Journal, something which in this situation is not going to be allowed to be said now:

Yet more menacing was the concentration of power proceeding in the banking world, which even the conservative, capitalistic Wall Street Journal described in 1903 as "not merely a normal growth, but concentration that comes from combination, consolidation, and other methods employed to secure monopolistic power. Not only this, but this concentration has not been along the lines of commercial banking. The great banks of concentration are in close alliance with financial interests intimately connected with promotion of immense enterprises, many of them being largely speculative."

I read further—and here is a statement that has not been disputed—

Mr. REED moved toward the door of the Chamber.

Mr. LONG. I hope the Senator from Pennsylvania will not leave, because I want him to keep me within the rules of the Senate if I depart from them.

Mr. REED. I will.

Mr. LONG. The quotation I was about to read is as follows:

The members of the Morgan and Rockefeller groups together held 341 directorships in 112 banks, railroads, insurance, and other corporations, having aggregate resources under their control of \$22,245,000,000. In an after-dinner speech one of the group made the tactical mistake of declaring that it had been said that the business of the United States was then controlled by 12 men, of whom he was one, and that the statement was true. This remark, made among friends, was deleted from the printed report of the speech when given to the public, but the public was well enough aware of the general situation without such admission.

I will read about two more lines from this book.

After having quoted from the realms of master finance itself, and after having taken particular pains to say that no man representing those interests would be influenced by them in his vote here, I want again to say that if there be anyone here in the United States employed by the Power Trust or by the Oil Trust or by the Banking Trust or by the Chain Store Trust or by other affiliated combines of bloated plutocratic interests, if there be anyone else here present who represents all or some or one of those interests, I want now to disclaim that I have the slightest motive of saying, or that in my heart I believe, that such a man could to the slightest degree be influenced in any vote which he casts in this body by the fact that that association might mean hundreds of thousands and millions of dollars to him in the way of lucrative fees. [Laughter.]

Now, I am reading from the same book again:

While we were willing to stretch economic change to the breaking point—

Am I still within the rules?

Mr. REED. I will tell the Senator when he breaks them.

Mr. LONG. I want to say, Mr. President, that it is not often that men trained as I have been have the opportunity of choosing, by personal selection, such eminent guides as I

have the right to choose in this instance, which I most highly appreciate.

I am reading from this book again:

While we were willing to stretch economic change to the breaking point, we were unwilling—or those at the head of our great economic enterprises were unwilling—to alter in the slightest our social and political arrangements to correspond with the new economic ones.

If the American dream is to come true and to abide with us, it will, at bottom, depend on the people themselves. If we are to achieve a richer and fuller life for all, they have got to know what such an achievement implies. In a modern industrial state, an economic base is essential for all. We point with pride to our "national income," but the nation is only an aggregate of individual men and women, and when we turn from the single figure of total income to the incomes of individuals, we find a very marked injustice in its distribution. There is no reason why wealth, which is a social product, should not be more equitably controlled and distributed in the interests of society.

This is a book that has the stamp of approval of a large body of political commentators among the American people to-day. I have advocated no more than this.

I want to read one more line, and then my reading is through, from another modern book, published by a former operator of a banking house in New York City. This man is named Mr. Lawrence Dennis, formerly a member of the United States Diplomatic Service, and connected with J. & W. Seligman & Co., of New York City. He says this:

Analysis of the absurdity of compound interest over a long period shows why large sums can not go on compounding indefinitely. It shows further why a concentration of wealth in the hands of a few people, yielding them an income in excess of their consumptive needs, constitutes a mathematical as well as an economic absurdity, which reason abhors and events conspire to terminate. The rich, as a class, who try to grow richer by the play of compound interest present exactly the same phenomena as the one cent after a few hundred years of compounding.

NOT A LONE WOLF

So that I am apparently not alone, in the minds of the political economy writers of this country, in regard to the necessity for having a more equal distribution of the profits of this land and the wealth which we have already accumulated.

WHY FIGHT AGAINST LIMITING INCOME TO NOT OVER \$1,000,000 PER YEAR?

But the distinguished Senator from Pennsylvania [Mr. REED] some days ago, when I proposed my resolution to limit the income of every man to not more than \$1,000,000 a year, arose on this floor and said that there was not any need of that kind of legislation; that if the Finance Committee went along as it was then going there would not be anybody in the United States earning \$1,000,000 a year. That was the remark of the distinguished Senator from Pennsylvania at the time.

All right. Then I ask him now, if under the chaotic conditions of the Government and society, if under what the Finance Committee is going to bring in here, or has already brought in here, there is not going to be anybody earning more than \$1,000,000 a year anyway, what is the reason for opposing a tax to prevent the income of any one man from being above \$1,000,000 a year? Nobody is going to be hurt. If he can not make more than \$1,000,000 a year under the present system, as apparently is the case under what is supposed to have come out of the Finance Committee, what is the reason for opposing a limitation in the income-tax schedule that will limit incomes in this country to \$1,000,000 apiece? Why oppose it? And what is anyone going to do with more than \$1,000,000 if he does make more than \$1,000,000 in a year? Why should there be opposition to it?

I did not understand any remarks to come from the Senator about inheritances at that time; but why oppose a limitation on inheritances in the amount of \$5,000,000 to a person if it is not going seriously to affect the fortune of anyone that these statutes are supposed to regulate? What would be the harm? I see none—none at all.

REMAINING A REAL DEMOCRAT

I understand, Mr. President, that the newspaper from which I have sent up this political cartoon, if you call it that,

and others of its kind, have taken occasion to say that I have read myself out of the Democratic Party.

I have not read myself out of any party. I came up as a Democrat properly through birth. I have always been such since. I do not suppose there is any party loyalty much above the party loyalty that we inherit down in my part of the country or in any other part of the country. I believe in the Democratic principles of Jackson and of Jefferson and of Bryan. I believe in the Democratic principles; but when William Jennings Bryan, the torchbearer of our Democracy in three separate political campaigns, said that we had allowed the Supreme Court of the United States to be loaded down with lawyers representing the wealthy and big interests of this country, and that if we allowed the courts to be loaded down with attorneys representing these interests we could not expect anything whatever except the line of jurisprudence that was going to mean wiping out whatever safeguards the law had ever given to the people, I say now in the Senate that I am still for that kind of leadership.

FOR A PEOPLE'S LEADERSHIP

I am for leadership of the Bryan type, the Jackson type, and the Jefferson type. I am for everything that has ever been made a cardinal principle of the Democracy of this country, and I intend so to remain. But, Mr. President, whenever I am caricatured by a Republican press—the Chicago Tribune and others of its kind—I am reminded that for a number of years through the publications and inciting of that nefarious paper they undertook to create race riots in the South. They undertook to set the black race in infuriated rebellion at times, when we were doing everything we could possibly do in that country to educate them and to eradicate the condition of illiteracy. They undertook by that spurious and designed propaganda to create race strife in the South, and finally the creation which they did so much to develop broke out in the city of Chicago and in East St. Louis. The hundreds and thousands of lives that were destroyed and blotted out in those race riots in the State of Illinois, in East St. Louis and in Chicago, owe their beginning and their incipency and their encouragement and everything that happened to the fusillades and publications of this sheet, of this nefarious publication that undertakes now to put under the flag of communism any man in the United States who advocates a redistribution, or rather a fair sharing, of the profits of this land.

DEMOCRATS WILL BE DEMOCRATIC

I want to say further that the Democratic Party in the United States and in the convention to be assembled in Chicago in the coming month is not going to nominate anybody for President of the United States who advocates the type of doctrine that is now advocated by the Senator from the State of Arkansas. The Democratic Party is hearing from the people of the United States. The delegates to the Democratic convention are renouncing the leadership of Baruchism and of Morganism; and I might go a little bit farther and cover one or two more that it is renouncing. [Laughter.]

UNRECOGNIZED

The Democratic Party is not going to be bound or tied. I may have to sit here and recognize the distinguished Senator as my leader in the Democracy or not be recognized as a true working Democrat on this side of the Chamber. I may have to do that; but I will certainly be perfectly willing to have this side of the Chamber consider me not in the Democratic working party if you see it that way. That is solely up to you [pointing to the Democratic side]. It does not make any difference to me. I can sit here on the floor of the Senate, I hope, and be a committee of one. [Laughter.] I hope I can sit here as long as I am backed by the great State of Louisiana.

I may not at all times suit all the Democracy of that State, but I am going to remain on this side of the Chamber, propounding what I conceive and what Bryan conceived and what Jackson conceived and what Jefferson thought to be the ideals of the Democratic Party. I am not going to sit here and accept as my leadership in any party in this coun-

try, in the United States or in any other place, the leadership that tells you that it is communism when you undertake to give a fair distribution of the profits of this land to the people. I am not going to sit here when the leader on this side of the Chamber makes his various and sundry concessions, or when Hoover makes his various and sundry concessions, when they come out under one banner and one shining emblem, and regardless of how bright it shines and how much publication ink is spread to give it a glow, notwithstanding it all, it represents a banner of pestilence and starvation. It represents human misery. It represents unemployment. It represents a demoralization that has begun at the bottom and gradually worked itself up to where it is now threatening the very existence of the top. I am not going to sit here and recognize that condition as my part of the Hoover wreckage that has been done.

Here we get these messages that come from the White House. "Mr. Hoover speaks." He administers a "verbal spanking" to the Democrats and the Republicans. The public press plays up that the President of the United States has rebuked them, has delivered a verbal spanking, has demanded that they get up and do something, has demanded that they must get up and save the country.

HOOPER RESPONSIBLE FOR ALL

If there is anybody who is responsible for the country not having been saved, it is nobody but the President of the United States. Congress has done everything he tells them to do. He has had his way. He has had his boards, he has had his commissions, he has had his appropriations. I do not know a thing that has been done in the Congress that has not been done at the request, practically, or with the approval, of the President of the United States, since I have been here. I know of nothing he has requested of Congress that has not been done. We have, without knowing what it was all about, done these things. One night I received a telegram, "I have to declare a moratorium," and I did not know what "moratorium" meant. [Laughter.] I had to go look it up. I had never heard of it. I thought he was talking about a dead man. [Laughter.]

He said he had to declare a moratorium, and I acquiesced, without knowing what it meant, spurred on by the kind of leadership which I thought was the best we could get. I wired back, "It is all right with me; slap it in." Then there was some other bill, and I was for it. I was for anything under the sun, because we were in the midst of chaos, my friends were starving, my people were homeless, some of them were hungry, many of them were naked, and I was willing to give the President of the United States any kind of leeway on earth to prevent pestilence and starvation among the people of this land. I was told that was the thing to do, and I accepted it from the leadership of this side of the Chamber, and went right down the line with it.

What has been the result? We have gone down and down and down until what little prosperity there was left in this land at the time we declared the moratorium has been gradually wiped out.

Oh, he can get his appropriations. He can demand billions of dollars for the European powers. He can demand billions of dollars for the banking interests and for the railroad interests and for the power interests. I am sure they are not going to be left out under the benevolent guidance of this administration.

ALAS FOR THE PEOPLE

He can demand and he can receive, but whenever there has come up a proposition that we ought to begin at the top and reorganize this condition of society so that it can stand upon a firm foundation and exist along stable lines, we not only have the opposition that comes from the Republican side, but we have the cowering alignment which seems to spring up on the part of the leadership on the Democratic side of the Chamber.

Mr. President, I am not accepting the dictation or the verbal spankings that come here from the White House, and while I have been nominated by the distinguished Senator

from Arkansas for the leadership of the Democratic side of this Chamber, which, in my opinion, I have never sponsored and do not intend to sponsor, I will say one thing: That if the President of the United States, after I had been up to the White House and asked the President for orders, and we had gotten together and had put things across as he wanted them, if he were to send me the kind of message he has sent to Congress, I would tell him where he could go—with the next bill. No; I did not say what you thought at all. [Laughter.]

Mr. Mills comes in with his recommendations. What are we going to do with the tax bill? Mr. Mills says that it is very important that we should have certain provisions in the tax bill. He is very solicitous that we must not take too much money off the heads at the top, because if we do, he says, it is going to stop industry.

There is no industry left now. The trouble is there is no purchasing power in the hands of the masses, and the only way by which business can ever be reorganized is to put purchasing power in the hands of the people.

CONCLUSION

Mr. President, I have spoken a great deal longer than I expected to speak, and longer than I would have spoken had I not been required to vindicate my stand that I was within the rules, which I still contend, and which I think the senior Senator from Pennsylvania will now concede, so far as the words are concerned, unless he has gleaned from my looks and expressions something which I can not see myself; unless he has gleaned something like that, I think he will admit that I have been within the rules. But I have undertaken, in a speech which is rather lengthy compared with what I had intended to say, to state that I am still in the Democratic Party of this country, that I am still on the Democratic side of this Chamber, that it does not make any difference to me whether the Democratic caucus assigns me to any committees or not, that I am still a Democratic Member of the United States Senate; that I will not, have not, and do not agree for the future to accept any orders that come through the White House, whether they are handed to me by a party leader or not.

LEADERS CAN NOT BIND US TO MAMMON

Further, I conceive it to be the welfare and interest of my party, the Senate, and the Nation that we can not, we should not, we will not accept a working partnership with the Hoover administration, whether it comes through Baruch or of Morgan or what not. Further, that the Republican Party of the United States, at this late date, whether it is recognized by the Democratic leader here in the Senate or not, whether the Senator from Arkansas says so or not—that the Republican Party can not deed us Bernard M. Baruch for the next six months. We will not take him. You can not hand him to us, whether he is sponsored here on this side of the Chamber or not. As far as I am concerned, the nefarious editorials, the nefarious cartoons, the various and sundry comments undertaking to paint any man who dares to try to take one single dollar away from the powerful, bloated, wealthy fortunes of this country, the way he is painted by these sinister publications, will not influence me to disregard the duty I conceive I owe the people of this country. If the men on this side of the Chamber or on the other side of the Chamber allow the people to be taxed under any kind of a bill that does not sweat down these swollen fortunes, they will not be doing their duty and fulfilling the obligation they owe the people to relieve this kind of distress.

The only way that can be accomplished is by putting purchasing power into the hands of the people of the United States. If we have a barrel with 100 apples in it, and a hundred people to give apples to, if one man steps up and takes 59 apples out of the barrel, there would be only 41 left; 59 would have nothing. There is just that condition in America to-day. There is so much in the basket, and 59 per cent of it is taken by 1 per cent of the people. There is nothing left to provide for the masses of the people any purchasing power, and then there is no middle class left.

EXHIBIT A

Whereas the misery and privation of the common people, due to the existing business depression and its attendant evil of enforced unemployment, is growing more unendurable with each passing day; and

Whereas under the smoke screen of the maintenance of two allegedly sacred American principles—the rights of personal liberty and the rights of private property—Federal legislation is sought that would add materially to the tax burden of the poor while favoring the rich in direct proportion to their wealth; and

Whereas this form of deliberate discrimination prompted Senator HUEY P. LONG, of Louisiana, to offer an amendment to the tax bill making it illegal for any person to retain an annual income of more than a million dollars and forbidding the inheritance of a fortune of more than five millions; and

Whereas this justified limitation on the power of predatory wealth menaced the plans and purposes of the political representatives of big business, the Long resolution and its sponsor were both ridiculed and denounced in unmeasured terms on the floor of the Senate; and

Whereas Senator LONG, despite the deliberate distortion of the kept trust press throughout the country regarding his statements, proved the sincerity of his honest resentment of the cheap political trickery being indulged in at the expense of the poverty-stricken and starving people by voluntarily severing all personal connection with whatever committee he had been assigned to by a legislative body that served not the Nation as a whole but only the wealthy section thereof; and

Whereas Senator LONG, in his denunciation, clearly voiced the prevailing suspicion that both the major political parties are dedicated to the protection of the rich and mighty at the expense of the humbler divisions of society; and

Whereas this sentiment finds an answering echo in the heart of every unemployed and every overworked and underpaid toiler throughout this Nation, who owe their present sad plight to the unchecked exploitation of big business, which constitutes the invisible director of the visible Government agencies that deplore confiscation of predatory wealth, but are willing to strip the already poverty-stricken populace of the little they so desperately cling to: Therefore be it

Resolved, By the delegates to the Chicago Federation of Labor in regular session assembled on this date, May 1, 1932, representing over 300,000 organized men and women wage earners, the vast majority of whom are unemployed at present, that the attitude assumed by Senator HUEY P. LONG is expressive of the sentiments of the people in general and of organized labor in particular, and labor unqualifiedly approves of Senator LONG's defense of the common people's rights, in spite of the opposition of the entrenched battalions of political Hessians defending predatory wealth, and that the presentation of this senatorial incident is indicative of the slavish devotion of the kept trust press to the cause of big business, regardless of the common people's rights as specified in the American Declaration of Independence; and be it further

Resolved, That a copy of this resolution be sent to Senator HUEY P. LONG with the request that he have the resolution read into the CONGRESSIONAL RECORD.

Respectfully submitted.

[SEAL.]

JOHN FITZPATRICK,
President Chicago Federation of Labor.

This resolution was presented to the regular meeting of the Chicago Federation of Labor Sunday, May 1, 1932, and adopted by unanimous vote.

INCREASE OF BANKING FACILITIES

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. GLASS. Mr. President, I wonder whether the junior Senator from Indiana [Mr. ROBINSON] cares to proceed now. He indicated that he wanted to speak on one provision of the bill.

Mr. ROBINSON of Indiana. Mr. President, answering the Senator from Virginia, I merely wanted to speak not to exceed 3 or 4 or 5 minutes to register my own protest against section 19, that is all. I am willing to undertake that at any time which may please the sponsor of the bill.

Mr. GLASS. It occurs to me, if I may suggest it to the Senator, that since it apparently has been determined to supplant the pending bill with the tax bill, we might perhaps defer further discussion of the bank bill until it comes up for actual consideration and for vote. However, if the Senator prefers to go on now, I shall be glad to yield to him to do so.

Mr. ROBINSON of Indiana. That course is entirely agreeable to me. However, at this time, if I may, I submit a

telegram from the president of the Indiana Bankers' Association, which I will ask the clerk to read.

Mr. GLASS. I yield for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

INDIANAPOLIS, IND., May 6, 1932.

Senator ARTHUR ROBINSON,

United States Senate:

Section 19 of the Glass bill would permit large national banks to establish branches regardless of State laws throughout the State in which their principal office is located and also beyond the State line even in States where branch banking is prohibited. Such provision, if enacted, would strike ultimate doom to entire system of independent or unit banking, upset banking conditions generally, and compel State-chartered trust companies and banks to become branches of large city national banks, concentrating banking in the hands of a few at buyers' figure for assets. The American tradition of a dual system of independent banking has developed our country. As president of the Indiana Bankers' Association and representing an independent national bank, I respectfully urge that you take the floor in opposition to this portion of the Glass bill.

W. A. COLLINGS,

President Indiana Bankers' Association, Crawfordsville, Ind.

Mr. ROBINSON of Indiana. Mr. President, I may state at this time, without attempting to make a speech at all, that I am very much opposed to section 19 of the bill. In my judgment its enactment into law would make it ultimately impossible for State-chartered banks in Indiana and other States to carry on. I think the whole State-bank system would ultimately be destroyed. I think the inevitable result would be that a few very large banking interests would control all the money and all the credit of the country.

For those reasons, stated thus briefly, I am opposed to section 19 of the bill. If the bill is now to be laid aside and to be discussed later, I may have some additional comments to make at some time in the future when the bill is again presented to the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan, as modified.

Mr. WHEELER. Mr. President, I understand that the bill is to be laid aside, and, as it is now 4 o'clock, I do not want to proceed to discuss the provisions of the bill which I intended to discuss, and then have the bill laid over and taken up again. I do not see what would be accomplished by speaking on the bill now, and then having to discuss the provisions of the bill again when it comes before us. It seems to me perfectly useless to proceed in that way. If the bill is to be laid aside, I do not see why we do not lay it aside now and take it up at some future time. I would like to know from the Senator from Virginia if he knows what is going to be done with it.

Mr. GLASS. Mr. President, I have been apprised of the fact that the leaders on both sides of the Chamber have rather agreed that after to-day's discussion there should be a motion temporarily to lay the unfinished business aside in order to consider the tax bill. I shall not undertake to resist a motion of that sort, because I am thoroughly convinced that it would be futile.

Mr. SMOOT. Mr. President, will the Senator from Virginia yield?

Mr. GLASS. I yield.

Mr. SMOOT. I was going to ask the Senator from Virginia whether there was any other Senator who desired to speak this afternoon, or if there were any amendments to be offered to the bill.

Mr. GLASS. I am told that the senior Senator from Rhode Island [Mr. METCALF] would like to speak on the bill.

Mr. McNARY. Mr. President, may I ask the Senator from Montana [Mr. WHEELER] if he has any objection to laying aside the unfinished business temporarily and letting the Senator from Utah take up the revenue bill?

Mr. WHEELER. None whatever.

Mr. McNARY. If that is so, then I am going to move a recess at this time.

Mr. KING. I do not want the Senator to proceed this afternoon further than to lay the revenue bill before the Senate.

Mr. McNARY. I am going to suggest that the Senator from Utah ask that the unfinished business be temporarily laid aside and that the revenue bill be laid before the Senate, and then I shall move a recess.

Mr. GLASS. Mr. President, I hope the Senator will withhold that request for the present because I want to make a personal statement to the Senate.

Mr. McNARY. Very well.

The VICE PRESIDENT. The Senator from Virginia is recognized.

SOLICITOR GENERAL LEHMANN'S OPINION

Mr. GLASS. Mr. President, prompted by what seems to be a disposition in some quarters to set up "straw men" and to knock them down, I want to remind the Senate that when I spoke several days ago about the 20-year-old opinion of Solicitor General Lehmann as to the legality of national-bank affiliates, I made no definite charge against any particular public official. I very carefully refrained from doing that. I did say, as I now repeat, that the opinion of Solicitor General Lehmann was suppressed. But I did not undertake to intimate by whom it was suppressed, for the reason that I had not the slightest idea. I used the term "suppressed" in the sense that the opinion was never acted upon, although it dealt with a problem of supreme importance and had been officially requested by the President of the United States. Likewise I used the term "suppressed" in the sense that the Lehmann opinion not only had never been given publicity, but that no copy of it could be found in the office of the Comptroller of the Currency, the public official solely charged with the administration of the national bank act. I think, as used by me, that is a fair definition of "suppression"—a highly important opinion by a highly responsible Government official, concurred in by the Attorney General of the United States, and particularly asked for by the President of the United States, himself an eminent lawyer, practically ignored and put away in the dusty archives of the Department of Justice, while the vicious system it sweepingly condemned extends its tentacles into the portfolio of every bank in the country, to the impoverishment of thousands of innocent victims.

It may have been conjectured from the nature of my remarks the other day that a certain Attorney General had definitely declined to make the Lehmann opinion public. Had I cared to deal in personalities I might have presented a memorandum from the present Attorney General which very explicitly made the statement that "Attorney General McReynolds in 1921 declined to authorize the publication." That is here in the Attorney General's memorandum, which also mistakenly asserts that the opinion was "not the opinion of the Attorney General." Nevertheless it is explicitly stated by Solicitor General Lehmann that the opinion is concurred in by the Attorney General.

The memorandum of Attorney General Mitchell continues:

If Senator GLASS or his committee merely want to examine it to aid them in their work and will treat it as confidential, I think they are entitled to have a copy of it for that purpose; but not if it is to be made public.

That seemed to me a very remarkable exaction; and as soon thereafter as I could get in communication with Attorney General Mitchell I said to him that this appeared to be an official opinion of a salaried official of the Department of Justice, asked for by the President of the United States and concurred in by the Attorney General of the United States, and it seemed to me the Senate Committee on Banking and Currency, as the Senate itself, was entitled to have the opinion and to have it incorporated in the Record. I said the thorough and sweeping consideration of the problem contained in that opinion might have a very decisive effect upon the consideration of the bank bill, particularly that provision which deals with national-bank affiliates. Thereupon the Attorney General agreed that I might make such use of it provided I would eliminate from the opinion the names of the institutions involved and of the persons who directed the institutions involved. To this I readily agreed, and the opinion was accordingly incorporated in

the Record and, by unanimous action of the Senate, was made a Senate document.

So that it will be observed that I am not responsible for the "charge" or conjecture that any particular Attorney General suppressed the opinion. Whether it was by Attorney General Wickersham, to whom the opinion was addressed, or whether by some one of his successors, or by some other public official, I do not know and did not undertake even to intimate. Therefore, the complaint that I had made a charge of suppression against any particular public official has no basis in fact and no such assertion will be discovered in any remarks that I made in the Senate.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Montana?

Mr. GLASS. Certainly.

Mr. WALSH of Montana. I think the Senator should state that the statement in the letter from the Attorney General about the failure to disclose the document is obviously incorrect.

Mr. GLASS. Obviously. I observed that the very next morning when I again examined it, because the date that he assigns to the refusal did not accord with the incumbency of the office of the Attorney General at the time. In a later note Mr. Mitchell asserted that it was Attorney General Palmer who had refused publication of the document.

These remarks, Mr. President, are preliminary to a request to have immediately inserted in the Record a letter from former Attorney General Palmer giving his relationship to the matter.

Mr. KING. Mr. President, does not the Senator want it read?

Mr. GLASS. It may be read at the desk, although I do not insist upon the reading. I merely want it incorporated as a part of my remarks.

The VICE PRESIDENT. The Senator from Virginia does not ask that it be read. It will be printed as a part of his remarks, as requested.

The letter is as follows:

WASHINGTON, D. C., May 11, 1932.

HON. CARTER GLASS,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I note by the CONGRESSIONAL RECORD of May 10 that in speaking of the opinion of Solicitor General Lehmann on national-bank affiliates, you said (p. 9888):

"Not only was no action taken but it is within the confines of fact to say that the opinion was suppressed; and few things have ever happened in this country that better illustrate the power and the blandishments of inordinate wealth, because the opinion dealt with institutions and individuals who had accumulated inordinate wealth. Not only did the Attorney General at that time fail to act, but another Attorney General, some years afterwards, elevated to a place of even higher distinction, declined to permit the opinion to be made public."

And again you said (p. 9899):

"In this connection I have just been handed a note from Attorney General Mitchell in which he makes the statement, which I had already discovered to be true, that it was not former Attorney General McReynolds who refused to give out this opinion for publication, but it was former Attorney General Palmer."

I am sure you would not intentionally do me an injustice, but such is the obvious effect of these statements. There is absolutely no warrant in the facts for the implication that I suppressed the opinion, or that I refused to give it out for publication.

At the time that the matter was called to my attention no such opinion was to be found in the files of the Department of Justice, as clearly shown by the records in the Department of Justice (photostatic copies of which have been furnished me by the present Attorney General). These are the facts relating to the action of Attorney General McReynolds and myself.

Under date of September 19, 1913, Mr. McAdoo, then Secretary of the Treasury, wrote Mr. McReynolds, then Attorney General, as follows:

"I have been endeavoring, without success, to locate an opinion of former Attorney General Wickersham, supposed to be addressed to the Secretary of the Treasury, dealing with a question in connection with the right of certain national banks to organize, own, and control so-called security companies or State banks or trust companies, the stock of such companies or State banks to be held by trustees or otherwise on the pro rata benefit of stockholders of such national banking associations. I am advised that there is in the Department of Justice a memorandum of the Solicitor General to the Attorney General on which the opinion is supposed to be based. This is a matter of great public importance and also directly affecting the administrative acts of this Department. I

shall appreciate it very much if you will let me have a copy of this memorandum and also any other information on this subject which will help elucidate this matter."

In reply thereto Attorney General McReynolds wrote the Secretary of the Treasury on the same day, acknowledging receipt of his communication, and adding:

"In compliance with your request, I am sending you herewith a photographic copy of what seems to be a carbon copy of a memorandum prepared by the Solicitor General on this subject. A careful search of the files here fails to disclose any opinion by the Attorney General in this matter."

Seven and a half years later Hon. John Skelton Williams, Comptroller of the Currency, handed to me the document which Mr. McAdoo had received from the Attorney General, and making a request for the opinion in question. I caused a search of the files to be made, and a written report thereon was made to me by Solicitor General Frierson which was made the basis of the following letter:

JANUARY 26, 1921.

HON. JOHN SKELTON WILLIAMS,
Comptroller of the Currency, Washington, D. C.

MY DEAR MR. WILLIAMS: I have examined the files relating to the so-called opinion of Solicitor General Lehmann, dated November 6, 1911. The paper you handed me is unsigned. It purports to be a photographic copy of a letter addressed to the Attorney General and intended for the signature of the Solicitor General. The original is not in the files. The copy bears an unsigned indorsement, dated April 24, 1913, to the effect that it is understood that Attorney General Wickersham prepared a letter summarizing the attached opinion of the Solicitor General, but to whom this letter was addressed does not appear, and no record of such a letter is found in the files. The only thing of interest I find in the files is a letter of Attorney General McReynolds, dated September 19, 1913, addressed to Secretary McAdoo, in which it is stated:

"In compliance with your request I am sending you herewith a photographic copy of what seems to be a carbon copy of a memorandum prepared by the Solicitor General on this subject. A careful search of the files here fails to disclose any opinion by the Attorney General in this matter."

Apparently, what was sent to Secretary McAdoo at that time was a duplicate of the photographic document which you have.

The only thing in our files is what purports to be a photographic copy of an unsigned letter to the Attorney General, apparently intended for the signature of the Solicitor General. I find no record of what action was taken by the Attorney General or of any subsequent action except the sending of a copy to Secretary McAdoo, and for this reason I do not feel justified in authorizing the publication of the memorandum.

Yours truly,

A. MITCHELL PALMER,
Attorney General.

The photographic copy of the memorandum handed me by the Comptroller of the Currency was returned to him with that letter. It thus appears that Attorney General McReynolds sent to the Secretary of the Treasury the only document on the question which then appeared in the files of the Department of Justice, and that seven and a half years later I returned to the Comptroller of the Currency the same document with the statement that it was the only paper to be found in the Department of Justice files in reference to this matter.

It is perfectly obvious that I could not authorize publication of a photographic copy of an unsigned memorandum. It was not the opinion, and I could not know that it was a copy of the opinion.

Of course, neither Attorney General McReynolds nor I made personal search of the files, but we ordered such search, and I can have no doubt that it was thoroughly made. It is therefore safe to say that if there ever was a signed opinion by Solicitor General Lehmann (and there seems to have been, because you published it as an appendix to your speech in the Senate yesterday) it was abstracted from the files of the Department of Justice at some time before September 19, 1913, when Attorney General McReynolds wrote to Secretary McAdoo, and was not returned until some time after January 26, 1921, when I wrote to Comptroller Williams.

Why it was taken out of the files, by whom, or for what purpose I am, of course, entirely at a loss to explain. It is clear, however, that if there was any suppression of the opinion by anybody it was not by either Attorney General McReynolds or myself, for the former delivered to the Secretary of the Treasury and I returned to the Comptroller of the Currency the only paper bearing on the opinion which was to be found in the Department of Justice, and that was merely a photostatic copy of an unsigned memorandum.

There is a further interesting phase of this matter which will bear mention. You will observe that the opinion of Solicitor General Lehmann, as printed in the CONGRESSIONAL RECORD, page 9899, opens with the following two paragraphs:

"NOVEMBER 6, 1911.

"THE ATTORNEY GENERAL.

"SIR: You advise me that the President desires that there shall be submitted to him upon his return to Washington a fuller discussion of the question of the legality of the agreements and arrangements existing between the ———— Bank of New

York and the ———— Co., a corporation of the State of New York.

"On August 1, 1911, I submitted to you an opinion, in which you concurred, that the agreements and arrangements in question were means of enabling the bank to carry on business and exercise powers prohibited to it by the national banking act."

It thus appears that Mr. Lehmann's original opinion of August 1, 1911, must have been delivered to the President, and he expressed a desire for "a fuller discussion."

Mr. Lehmann complied with this request by his opinion of November 6, 1911. Is it not reasonable to infer that this "fuller" discussion of the question found its way to the same high authority which was then in possession of the original opinion? And may not this circumstance throw considerable light on the disappearance of the opinion from the Department of Justice files and records?

Having unintentionally, I am sure, put me in a wrong position by your remarks, will you not have this letter printed in the CONGRESSIONAL RECORD to make the story correct and complete?

With very kind regards, I am, yours sincerely,

A. MITCHELL PALMER.

DR. H. PARKER WILLIS

Mr. GLASS. Mr. President, I desire to make a further personal statement. I listened yesterday to a large part of the address made by the distinguished Senator from New Jersey [Mr. KEAN]; but, sitting far away across the Chamber, I did not hear very distinctly his opening remarks. Upon reading them in the RECORD to-day I find that the Senator departed from that high plane of discussion which had characterized the deliberations of the Senate on this bank bill, and, as I conceive, descended to a level of which he may not reasonably be proud. In fact, he discussed the bill in his opening remarks in a vein of petty politics and undertook by implication, but without any sanction of the truth, to impute to members of the subcommittee of the Banking and Currency Committee actions of a highly improper nature. He also aspersed, unjustly and without warrant of fact, the technician of that committee, who is as honorable a man as ever I came in contact with in all my life, not in any measure exceeded in that respect by the Senator from New Jersey.

When the subcommittee of the Banking and Currency Committee of the Senate was charged with the very difficult and complex task of inquiring into the banking problem and recommending to the Senate a reformation of the system, naturally it required the services of a technician, of a man thoroughly versed in practical banking and understanding the theory and philosophy of banking.

Upon my suggestion the subcommittee, without dissent, authorized me to employ Dr. H. Parker Willis as the technician and adviser of the committee. If the Senator from New Jersey does not know, perhaps he is among few Senators who do not know the record of this outstanding publicist. Doctor Willis was the technical adviser of the Ways and Means Committee of the House of Representatives on several notable occasions. He was the technical adviser of the Banking and Currency Committee of the House, and did an immense amount of work in the preliminary preparations of that committee in the drafting of the Federal reserve act. He was the technician and the professional adviser of the joint congressional committee which framed the Federal land bank act. He is greatly distinguished as a political economist, having been a professor of political economy in some of the notable universities of this country. He was for four years the secretarial adviser of the Federal Reserve Board here in Washington after that system was set up, being present at all the board's discussion and intimately acquainted with every action taken and the reasons therefor. After voluntarily relinquishing that position he was made the technical research head of the Federal reserve system. So thoroughly familiar was he with the philosophy and practical details of banking that he was invited to the Philippine Islands to set up a banking system for the government there, and for nearly two years he was president and practical manager of the branch of the Philippine bank in New York. He set up a banking system for the Free State of Ireland. His services were engaged by some of the Balkan States to modify their banking systems. He was for some years the chief editor, and, I think, a part owner of the

New York Journal of Commerce, perhaps the outstanding trade newspaper of the United States for the last half century. Doctor Willis is now a professor in the business school of Columbia University, New York City.

I mention these facts in order that the RECORD may show that the subcommittee was deliberate and, in some degree at least, circumspect in its selection of a technician and a professional adviser. The amount of work that Doctor Willis did for the committee is almost inconceivable. He prepared all the preliminaries for the long and exhaustive hearings which we held in January and February of 1931; he prepared every searching questionnaire that went out to the thousands of banks and trust companies in this country. I could bring here to the Senate a stack of data that would reach to the top of this desk indicative of the tremendous amount of technical and professional work that he performed as a preliminary to the consideration and deliberations of the subcommittee and of the Banking and Currency Committee. He suggested impartially the names of the experienced bankers, business men, and economists, who appeared before the committee and summarized and analyzed their testimony. He examined with patient care every one of the various proposals submitted and, over a period of 16 months, did the technical drudgery of the committee.

Why the Senator from New Jersey should have felt prompted to assail the technician of the committee, except upon the assumption, which clearly may be discerned in his remarks, that the technician is responsible for the so-called Glass bill, and that by discrediting this professional gentleman he might in some sense discredit the bill, is beyond me to conjecture.

The Senator from New Jersey asserts that when he attended the hearing at which Mr. Eugene Meyer testified regarding the bill, the Senator from Ohio [Mr. BULKLEY] and I had Doctor Willis, as it were, to act as "wet nurse" for us, suggesting that we were so ill informed and so stupid that we were unable to propound questions on our own account and that Doctor Willis took charge of the examination. I want to be temperate, but I want to be exact. There is not a word of truth in that statement. If during the whole hearing, whether the first or the last, Doctor Willis ever found it necessary to prompt me to ask a single question I have no recollection of it. I confidently assume that this is true as to Senator BULKLEY. Sometimes, upon mere technical issues, I may have asked Doctor Willis questions. Very likely I did, and I have no apology to make for that. Of course the distinguished Senator from New Jersey is so versed in technical matters and so thoroughly understands the philosophy of banking and is so intimately acquainted with all the aspects of the problem as that he would not have found it necessary to confer with the technician; but I was not so fortunate. I hold in my hand now the printed copy of the hearings of Mr. Meyer's testimony; and if the Senator from New Jersey can take it and point to a single question asked by me that was necessary to be referred to Doctor Willis, or any other technician, I will resign my seat in the Senate. Therefore I resent the imputation that those of us who had to do with the preparation of this bill were so unacquainted with the matters involved that we had to be tutored at a public hearing. The statement simply is not true, however offensive it was intended to be.

Then, again, the Senator from New Jersey charges the technician with having, by reason of his connection with the committee, obtained confidential information from the comptroller's office and from other sources and disclosed it to a foreign newspaper. I deny that there is a word of truth in that assertion. The Comptroller of the Currency several hours ago in my office made to me the statement that if Doctor Willis had ever been in his office since he had held it he had no recollection of it. He also authorized the statement, which I know to be true, that the comptroller's office had never communicated one word in confidence to the technician of the subcommittee; and, as chairman of that subcommittee, I assert that the comptroller's office

never imparted any information to the subcommittee except at public hearings and has not to this day made a written comment on the provisions of this bill.

Then there was the childish statement that cablegrams sent by Doctor Willis to a French financial paper with which he had been associated for years, which cablegrams were invited by the paper, touching upon the inflationary tendencies of the times in the United States caused the exportation of \$357,000,000 of gold. How incomprehensible it is that a United States Senator could be that credulous! As a matter of fact, everybody, including the Secretary of the Treasury, was talking inflation, though afterwards the latter amended his terminology and called it "expansion." When the Glass-Steagall bill was proposed he was reported in the press to have said it comprehended an "expansion" of \$10,000,000,000.

The governor of the largest of the Federal reserve banks was quoted in the New York Times as saying that the legislation thus proposed involved a potential inflation of credits and of currency of \$35,000,000,000! Speeches were made in both branches of the Congress vehemently advocating a large degree of inflation. The Reconstruction Finance Corporation was set up, as some mildly claimed, to "arrest deflation"; but all of us with any knowledge of the problem know that it was intended to inflate credits by granting extraordinary loans outside the province of orthodox banking.

We had a proposition in another branch of Congress to issue \$2,000,000,000 of nontaxable and non-interest-bearing bonds for bonus purposes, the chief argument being its inflationary effect on the currency. We had propositions in this body to issue two billions and more of greenbacks. These suggestions are pending now. The responsible newspapers of the country were literally crowded with talk, in their dispatches and in their editorial comments, about the desirability of inflating the currency and the credits of the country. Some Members of Congress urged bimetalism; others insisted it would be a good thing if the United States should go off the gold standard.

We now have pending in the Banking and Currency Committee of the United States Senate that extraordinary bill, passed by an overwhelming vote in the other branch of Congress, to charge seven men of ordinary intelligence here in Washington with the incredible function of raising and lowering prices at their whim or pleasure or judgment, whereas God never created seven men who were capable of doing anything of the kind effectively, or to whom any sane legislative body should be willing to trust a power of that sort.

So we all know that inflation was "in the air," and still is. Yet because the technician of the subcommittee, entirely aside from his official employment and responsive to the requests of a French newspaper with which he had been associated for years, told the paper what everybody knew, or could find out if he did not know, of the tendency to inflation in this country, he is charged by the Senator from New Jersey with having obtained "confidential information" and imparted it to this French newspaper!

I challenge the Senator from New Jersey to point to one sentence in one of these garbled and mistranslated cables of Doctor Willis that justifies any such statement. I have already asserted that the Comptroller of the Currency utterly repudiates the suggestion that the technician of the committee or the committee itself obtained from his office any confidential information. I assert of my personal knowledge that neither the committee nor the technician of the committee ever received one word of information in confidence from any of the Federal reserve authorities which furnished basis for a single statement contained in the Willis cables to this French financial paper. On the contrary, the governor of the Federal Reserve Board told me months ago that when Mr. Laval, the French Finance Minister, was over here last October he had told him personally of the design of the French bank by degrees to withdraw its earmarked gold, impounded at the New York Federal Reserve Bank. The withdrawals began long before the Willis cables started.

And the Senator from New Jersey credits the current cablegrams of a French correspondent over here with having brought about this great withdrawal of gold! It is childish.

The thing that I resent, however, is the statement that an honorable man who never in his life was guilty of a discreditable thing, whose sense of propriety I would put in comparison with that of the Senator from New Jersey or any other Senator in this body, had used his relationship to this subcommittee for an illicit purpose. A statement of that sort made not behind the shelter of constitutional immunity would, in my belief, very promptly be met by suitable action, because it is not true.

But suppose it were true: What has that to do with the so-called Glass banking bill? Suppose we had been helped in our arduous and difficult labors by an intellectual knave instead of a highly honorable man: What would that have to do with the soundness or the unsoundness of the propositions embraced in the bill we have presented? The bill should be considered on its merits; its demerits, if any, rejected; and its sound provisions preserved and accepted by the Congress, in order to avert a repetition of this desperate situation that the gentlemen for whom the Senator from New Jersey spoke so unctuously precipitated upon the country by their irregular and cruel credit transactions.

I repeat what I said briefly yesterday: There is not a provision of this bill that the technician wrote which he was not directed as an expert draftsman by the committee to write after exhaustive consideration and discussion. Those provisions of a highly controversial nature I largely wrote; others were written or suggested by my colleagues; and we did not have to get the aid either of the Senator from New Jersey or the technician of the committee in order to prepare or propose such provisions.

Section 3, which disturbs the dreams of those who want again to use the facilities of the Federal reserve system for stock-gambling purposes, was written by the experts of the Federal Reserve Board. The committee did not dot an "i" nor cross a "t" in it.

Section 8, which even more seriously disturbs these gentlemen who want to use Federal reserve facilities for stock-gambling purposes, was written—every word of it—by me without suggestion from any source. I have had in mind for years to put a stop to this misuse of reserve credit facilities. This provision of the bill now under consideration by the Senate was contained substantively in the bill that I introduced in this body on the 27th of June, 1930, before the employment of Doctor Willis.

But here is the bill before the Senate. It ought not to be prejudiced by personal assaults upon innocent men of honor.

Therefore, Mr. President, I make this protest on my own account, and not at the request or suggestion of H. Parker Willis. He has no right to speak here or to call in question anything spoken here; but it is my right, which I gladly exercise, and my duty to repel the unprovoked and indefensible attack on him.

Mr. SMOOT. Mr. President, I ask that H. R. 10236, an act to provide revenue, equalize taxation, and for other purposes, be laid before the Senate.

Mr. GLASS. Mr. President, I am not going to withhold unanimous consent. The request of the Senator requires it.

Mr. SMOOT. Yes.

Mr. GLASS. I am not going to withhold it, however.

I realize that the tax bill is a measure of tremendous importance. I wish the balance of the Senate could equally realize that this bank bill is a measure of great importance, because if it or something like it is not passed we are going to have another era of bank failures in this country pretty soon that will prevent any recovery that a tax bill or any other sort of bill may help to bring about.

Therefore, I am not going to object; but the request is that the bank bill may temporarily be laid aside, so that at the completion of the tax bill it will have its present status of unfinished business?

Mr. SMOOT. That is the understanding, Mr. President.

Mr. GLASS. I shall not object.

The PRESIDING OFFICER (Mr. Fess in the chair). The Senator from Utah asks unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 10236. Is there objection to the request?

Mr. HOWELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska object to the request?

Mr. HOWELL. I wish to speak for a moment.

The PRESIDING OFFICER. Reserving the right to object, the Senator from Nebraska has the floor.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, a very illuminating letter as to the conditions of agriculture was received by a Senator from a gentleman who had traveled throughout the northwestern part of this country, and I shall quote briefly in part from that letter:

A typical illustration of a farmer's condition is as follows:

He has a first mortgage on the farm. Often a second mortgage secures a local loan. The local banker will hold either a personal or crop loan note. Three to five machinery people have notes on file. In addition local merchants have open accounts for supplies, prices of which due to credit extended often run 25 to 50 per cent higher than cash prices. One instance I know of is of tractor gasoline billed at 35 cents, when the season's cash price was never over 20 cents.

In cases where discouraged farmers have broached the subject of throwing up their whole business under such above handicaps certain first mortgage holders have suggested that the bankruptcy act could be taken advantage of; homestead and household exemptions, which can not legally be signed away, could be claimed. In the meantime the first mortgage owner would bid in the farm and lease it back to the original owner, the inference being that at a later date he could buy it back on easy terms. (One instance in Idaho I ran into was of two adjoining farms, only fairly well improved, on both of which an insurance company had loans. The latter foreclosed one mortgage of \$4,000 and was offering the property at \$3,500. The neighbor had a \$4,000 loan also, along with a lot of other debts, and was seriously considering throwing up his place and buying in the adjoining land at \$500 less than either mortgage.)

As to agricultural or farming conditions and plans:

Due to relative scarcity of durum and spring wheat last year and very fair prices as a result mainly of drought and grasshoppers, I note a greatly increased intention to plant wheat in the Northwest. There will be a decrease in flax. In many other sections farmers are starting spring work in a disheartened and despondent state of mind. The potato men in the Yakima, Walla Walla, Idaho, Colorado, and Red River sections all are that way, yet they are planting potatoes again. Practically all fruits and vegetables were in oversupply last year, but crops of these are going in everywhere. Onions were the high-priced article of 1931, and farmers are almost universally responding to price and are plunging heavily on them. Seed is almost impossible to obtain, the demand is so great. I saw letters from Kalamazoo, Mich., in New Mexico wanting onion seed or plants. At a conference in Santa Fe, N. Mex., of western men we were told that the estimate is for 300,000 tons of canning peaches in California this year. Last year's canned storage is heavy, and canners will only contract 100,000 tons, so two-thirds of the crop is to be wasted. Numerous other crops are in the same situation.

Mr. President, this gives a short view of conditions, not merely in the sections visited by this writer but throughout the country generally.

I received a letter the other day from an attorney in Alabama which I will read in part. It gives a notion of the condition of minds of the people in that section which indicates that it is the same as elsewhere. He says in part:

Now I have lived in a little sleepy town down here in the agricultural section of Alabama all my life. I have always taken an active interest in the welfare of our little city and county. I have seen the time when we were a prosperous, law-abiding citizenship, a contented people, as we were able to pay our debts, taxes, and contribute to churches and charity. But the times have changed, and we are now a discontented people, heavily in debt, and unable to pay taxes, contribute to the several causes that all good citizens like to support.

There has been a reason for this change, and the result is that our people have in large measure lost their respect and love for our country that should animate all good citizens. Farm after farm is being taken for debt. Old people that have lived to a ripe old age are being driven from their homes, as they are unable to meet their interest payments. Their savings of a lifetime have been swept away; and now many of them are unable to provide the necessities of life.

Conditions as they now exist, not only here but throughout the entire country, are the culmination of policies political and touch the lives of every man, woman, and child of the Nation. What will be the result? This should concern every thinking man; for a discontented debt-ridden people soon lose that high regard for national welfare and love of country that should be cherished and guarded by the masses, who make the commonwealth.

This letter, Mr. President, should challenge attention. It indicates the impressions of a conservative man. He expressed himself as he felt, and as he deemed the people about him feel.

The question is, What will Congress do to relieve the situation? What will it do of a constructive character to rescue agriculture?

Notwithstanding that action by Congress is of such tremendous importance, I have noted a statement—indicating the impression abroad—appearing in the New York Journal of Commerce on May 11, under a summary entitled "The Washington Situation." It is to the effect that organized agriculture is demanding of Congress that it enact constructive farm legislation before adjournment, and the article closes with this:

Congress will not do so.

I consider this a challenge to Congress to repudiate this charge. I do not yet believe that the Members of the Senate or of the House have so little regard for the welfare of a third of the population of this country as to adjourn without attempting to do something to relieve the distressing situation in which agriculture is now placed, or to remedy the inequality in economic conditions and opportunities from which agriculture is suffering.

The statement in the Journal of Commerce misrepresents the situation in that it charges that the American Farm Bureau Federation, the National Grange, and the Farmers' Union "can not agree upon a single measure," and that each is demanding a separate proposal, although willing that all three be enacted. The fact is these three organizations have definitely agreed upon a joint program; they have presented a composite bill embodying their recommendations to both Agricultural Committees of the Senate and House.

The bill referred to is now before the Committee on Agriculture and Forestry, but we have no report as yet. I understand that hearings began this morning upon that and other measures before the committee. But what we must have is a report and a bill or bills upon the calendar of the Senate so that action may be had.

Can it be possible that it is in the minds of some that there shall be no agricultural legislation at this session? It has been asserted here on the floor that official Washington is against any kind of agricultural legislation.

Mr. President, as I have asked before time and again on this floor, What are we to say to the farmer if we adjourn without action? There is but one thing we can say, and that is that there has not been the will in Congress to act in behalf of agriculture in a constructive way.

Mr. President, agriculture must be rescued.

REVENUE AND TAXATION

The PRESIDING OFFICER. The Chair hears no objection to the request of the senior Senator from Utah [Mr. Smoot], and lays before the Senate the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Friday, May 13, 1932, at 12 o'clock meridian.

SENATE

FRIDAY, MAY 13, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore (Mr. Moses). The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Several messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 9, 1932:

S. 3908. An act to amend the act entitled "An act to regulate navigation on the Great Lakes and their connecting and tributary waters," approved February 8, 1895.

On May 11, 1932:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes.

CALL OF THE ROLL

Mr. SMOOT obtained the floor.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Hull	Robinson, Ark.
Austin	Copeland	Johnson	Robinson, Ind.
Bailey	Costigan	Jones	Sheppard
Bankhead	Couzens	Kean	Smith
Barbour	Dale	Kendrick	Smoot
Barkley	Davis	Keyes	Stephens
Bingham	Dickinson	La Follette	Thomas, Idaho
Black	Dill	Logan	Thomas, Okla.
Blaine	Fess	McGill	Townsend
Borah	Fletcher	McKellar	Trammell
Bratton	Frazier	McNary	Tydings
Bulkley	George	Metcalf	Vandenberg
Bulow	Glass	Moses	Walcott
Byrnes	Goldsborough	Norris	Walsh, Mass.
Capper	Hale	Nye	Walsh, Mont.
Caraway	Harrison	Oddie	Watson
Carey	Hayden	Patterson	Wheeler
Cohen	Hebert	Pittman	
Connally	Howell	Reed	

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, a quorum is present.

INTERNATIONAL COLONIAL AND OVERSEAS EXPOSITION AT PARIS (S. DOC. NO. 94)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations and ordered to be printed, as follows:

To the Congress of the United States:

I am forwarding, for the consideration of the Congress, a report of April 30, 1932, from the Acting Secretary of State transmitting the following documents in connection with the participation of this Government in an exposition which was held at Paris, France, in 1931, the preparation for and activities in connection with such participation having extended from 1930 to 1932:

I. Report of the commissioner general and the commissioner of the United States of America to the International Colonial and Overseas Exposition.

II. Financial statement of appropriations and expenditures in connection with the same.

III. Covering letter of April 30, 1932, from the commissioner general to the Secretary of State, accompanying the financial statement.

HERBERT HOOVER.

THE WHITE HOUSE, May 13, 1932.

(Accompaniments: As listed.)

ISSUANCE OF BONDS BY ST. THOMAS HARBOR BOARD

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 4193) to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock, which was, on page 2, line 3, after the word "payable," to insert "from the treasury of said board."